The China Weekly REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

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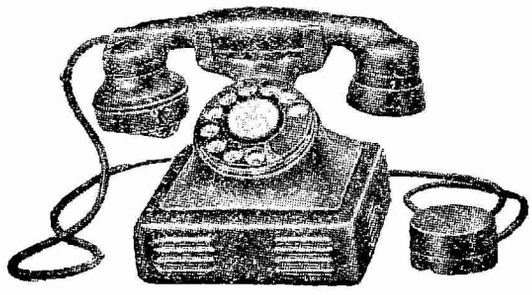

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FUTURE JAP CONTROL OF KAILAN AND THE P-M RAILWAY

ALTHOUGH unstated in the diplomatic dispatches or the declarations of her propagandists and apologists, one of Japan's chief objects in driving down the Peiping-Mukden Railway from Shanhaikwan to the Luan River in the direction of Tientsin, was to obtain control of two important British-Chinese properties. These properties are Kailan Mining Administration and the Peiping-Mukden Railway. In this connection the *United Press* carried a significant message from Mukden on May 24 which appeared in the Shanghai newspapers on the following day. The dispatch stated that "as all the workers on the Peiping-Mukden Railway have fled and materials have been taken away, the Mukden-Shanhaikwan Railway Bureau of Manchukuo has been assigned to take over the task." This means that the Japanese will in future operate this British-financed and formerly British-operated railway not only from Mukden to Shanhaikwan, but also from Shanhaikwan to Kaiping which city is only about fifty or sixty miles north of Tientsin. The *United Press* dispatch also contained additional significant information for it said that the immediate necessity for reopening the railway under Japanese auspices, "was to enable the shipment of coal from the Kailan mines to Chinwantao." An official *Rengo* message from Mukden on May 26 dealing with the same subject, had the audacity to state that the Japanese occupation of the Peiping-Mukden Railway and the Kailan mining area was undertaken in accordance with an "understanding" reached with the British interests concerned in the railway administration.

When the Japanese seized Mukden on the night of September 18, 1931, the Japanese military authorities cut the tracks of the Peiping-Mukden railway, thus preventing that line from having access to its terminals within Mukden city. The British consular authorities at Mukden as well as the British engineers who operated the railway lodged strong protests with the Japanese military authorities at this interference with an important British property. But the protests were of no avail, hence travelers who used the railway from then on had to travel by motorcar for a considerable distance over an almost impassable unpaved road to a small station on the outskirts of the city where the trains were compelled to stop. But the British engineers per-

severed and despite almost impossible handicaps created by the Japanese, managed to keep trains running until the end of the year when the Japanese seized Chinchow. That definitely ended the British administration for when the Chinese authorities withdrew the rolling stock, the British engineering personnel came out on the last train. The Japanese, pleading military necessity, then linked the northern end of the P. M. line to the Japanese government-owned and operated South Manchuria Railway and proceeded to operate it as part of the Japanese system, using S. M. R. rolling stock. Also they renamed the railway, calling it the "Mukden-Shanhaikwan Railway Bureau of Manchukuo." Japan's purpose to permanently take over the road and Britain's apparent consent to the transaction, was disclosed when the Tokyo Foreign Office published on March 1 the terms of an agreement between Japan and Manchukuo, whereby the South Manchuria Railway assumed complete control of all of the formerly Chinese-owned and operated railways in Manchuria. The terms of this interesting railway transaction which transformed the 650-mile Japanese line into a vast system of 2,816-miles appeared in *The Review* on March 18.

Now for the final chapter: The Japanese occupation of Chinchow late in 1931 created such a commotion at Geneva and elsewhere that the Japanese decided not to occupy Shanhaikwan, the actual gateway in the Great Wall immediately. This enabled the British engineers to re-establish themselves at Shanhaikwan and continue the operation of the southern section of the P.M. line from that city to Tientsin and Peiping. But the Japanese did not permit the British to remain in Shanhaikwan overlong, for on January 1, 1933 or about twelve months following their occupation of Chinchow, the Japanese bombarded and occupied Shanhaikwan and drove the British engineers down to Chinwantao, which city is about a dozen miles to the south. Chinwantao is the point of shipment for Kailan coal and the entire beach for a considerable distance is entirely owned by Kailan. The remainder of the story has been told in the news dispatches of recent weeks. Claiming Chinese provocation, the Imperial Japanese Army bombarded and occupied the Chinese city of Chinwantao, then advanced rapidly down the railway taking Peitaho, Changli, Lanchow, Tangshan and finally Kaiping, this triangular territory bounded by the Great Wall on the north, the Luan River on the west and the sea on the east, including most of the mines and properties of the British Kailan Mining Administration. As the Japanese-inspired dispatch from Mukden which was circulated by the *United Press* declared, "since the Chinese staff ran away, it was necessary for the Japanese to take over the operation of the railway."

The last tragic act in the drama depicting the eclipse of British interests in North China was told in the brief *Reuter* dispatch from Tientsin on May 17 which told of the suicide of J. C. Thomson, British general manager of the Peiping-Mukden Railway. The dispatch stated he had been in ill-health for some time and had gone to a hospital. On May 17, the day the Imperial Japanese Army occupied Tangshan, where the P. M. shops are located, Mr. Thomson shot himself through the head.

The Japanese apologists and propagandists, of course, will deny any intention of interfering with the Kailan Mining Administration, but the Japanese military control of the P. M. railway upon which Kailan is dependent for transportation of its coal, naturally forces this British company to depend upon the Japanese for its future existence. There is important strategy in this Japanese move for the Kailan Mining Administration has been a most important rival of the Japanese-owned collieries at Fushun, Manchuria. Kailan and Fushun have always been competitors in the sale of coal to the large industrial establishment at Shanghai as well as other Chinese ports from Hongkong northward. Since the Japanese occupation of Mukden twenty months ago, the Chinese have been able to boycott Japanese Fushun coal because Kailan was available. Now with the Japanese militarists in a position to squeeze Kailan it will be necessary for the Chinese to quickly develop independent supplies of coal or go back to Japanese Fushun. With Japanese troops, or troops of the puppet Manchukuo state over-running the Luan river area where the Kailan mines are located, plus Japanese military control of the P. M. railway upon which Kailan must depend for transportation, it obviously will be impossible for Kailan to carry on as in the past. That the Chinese realize the drift of affairs was indicated in recent moves on the part of local Chinese bankers and mine-owners to stimulate coal production in Shantung and Honan which are still under Chinese control. That the British also realize the inevitable drift of affairs has been indicated in the decision of Jardine, Matheson and Company and the British and Chinese Corporation to liquidate their interests in Manchuria and reduce their activities at Tientsin to a minimum. Both these companies were intimately connected with the Peiping-Mukden Railway as well as the Kailan Mining Administration.

Although Americans have no financial interest in these properties, they do have a sentimental interest. The Chinchow-Aigun railway, an American conception, was killed by Russo-Japanese intrigue and opposition in 1909. The Kailway Mining Administration was organized by Herbert Hoover during the Boxer Rebellion in 1900. Hoover, then a young mining engineer, was adviser to the Chihli Bureau of Mines. In order to prevent Japanese or Russian seizure of the properties, Hoover was authorized to incorporate them under a foreign jurisdiction. He took the commission to London and organized the Kailan Administration which later was amalgamated with important Chinese mining interests in the same area.

The Peiping-Mukden Railway was opened to through traffic in 1907, the investment being almost entirely British. In recent years, due to the gradual liquidation of the debt the Chinese had practically assumed control although still retaining the British operating staff who were recommended by the British and Chinese Corporation, representatives of the British bondholders. In recent years the Peiping-Mukden railway was an important factor in the so-called "battle of railways" which the Chinese waged against the Japanese railway monopoly in South Manchuria. The P. M. line formed an important link

in the Chinese system which connected with the new Chinese-controlled port of Hulutao on the Gulf of Chihli and extended northward to Tsitsihar, capital of Heilungkiang province in North Manchuria. The P. M. Line was also extended into southern Jehol province to Peipiao where other important coal mines are located.

That the Japanese have been able to make their military conquest pay in dollars and cents was indicated in an official *Rengo* dispatch from Tokyo on May 25 which claimed that the South Manchuria Railway had realized a net profit of Yen 60,000,000 for the preceding fiscal year. This profit, which the Japanese termed "unprecedented," was due entirely to the re-establishment by means of military force of the Japanese railway monopoly which was on the point of eclipse due to Chinese and Russian competition in 1931. The Japanese line in 1931 actually showed a deficit and had the Chinese been permitted to develop their lines together with their new port at Hulutao, the Japanese monopoly would have been broken and the Japanese compelled to convert their railway into a commercial enterprise as the Chinese had hoped. By closing the new port of Hulutao and cutting the Russian-owned Chinese line at Pogranichnaya,. thus stifling Vladivostok, plus the seizure of all of the other Chinese railways elsewhere in Manchuria the Japanese have established a strangle-hold on both North and South Manchuria and in this manner caused their S. M. R. line to again pay dividends.

DEVIOUS TRAIL OF OPIUM AND NARCOTIC DRAGON

THE recent arrest in San Francisco of two former Shanghai residents, Messrs. Isaac and Judah Ezra, on charges of alleged connection with drug smuggling activities, calls attention again to the increasing seriousness of this situation which undoubtedly has become worse since the Japanese occupation of Manchuria. When the Imperial Japanese Army seized China's northeastern provinces and created a puppet administration known as Manchukuo, one of the first official acts was the formation of an official Opium Monopoly, the undoubted object of which was to raise money for maintaining the new state as well as financing Japan's military activities. The monopoly was modeled on the well-known Japan opium monopoly in Formosa which was created in 1896 also for the announced object of "gradual" suppression, but which is still in operation despite the fact that 37 years have elapsed since its organization. The hypocrisy of the Japanese in claiming their object in licensing opium production and sale in Formosa was for purposes of gradual suppression, is proved by their own figures published in the *Japan Year Book* which alleges that the number of smokers on the island have been reduced from 169,000 in 1900 to 27,000 at the present time. However, in another column citing the value of opium sold, it was stated that sales of the drug had only decreased from Yen 6,000,000 in 1921 to Yen 3,600,000 in 1928. This shows that while the number of smokers allegedly have decreased some 80 percent, the value of the drug consumed has decreased less than 50 percent. Based on the official Japanese figures in the *Year Book* each of the 27,000 odd opium smokers in Formosa, in 1928, consumed opium annually to the value of Yen 131 each, a sum equivalent at normal rates of exchange to G.$65 annually. Anyone familiar with the low economic status of the Formosan natives realizes this is an impossibility, hence the only other assumption is that a considerable portion of the products of the Formosan Opium Monopoly is smuggled into adjacent Chinese territory, as well as other countries.

But to refer to the newly created Japanese opium monopoly in Manchukuo, an article in the *Shanghai Evening Post* by that paper's Manchurian correspondent, (May 25) stated that a so-called "Ten-Year Plan" had been adopted "looking forward to the eventual abolition of the opium traffic." The chief of the Manchukuo general affairs bureau of the Department of Finance, a Japanese named Hoshino, was quoted as stating the Opium Monopoly Bureau was created on November 3, 1932, following which Manchukuo was divided into ten districts in each of which retail dealers are licensed to open and operate smoking-dens. It was alleged that the official-dens were losing money after six months' operation due to the existence of illicit Korean and Chinese den-operators who still were in existence. Continuing the report stated that 44 opium retailers had been licensed in the Harbin district alone, the operators being Chinese and Russians. According to a *Reuter* dispatch from Dairen on May 30 the Manchukuo Government has announced the early opening of 600 opium retail shops which are to be licensed by the Japanese-Manchukuo authorities. Some 300 of the shops will be in Fengtien province and 50 in Mukden city. As to the matter of opium production the report stated that a certain number of farmers in each district are being licensed to cultivate opium-poppies, the fee charged being at the rate of 12-yen per acre. Under this scheme all opium produced must be sold to the Official Bureau at a price fixed by the Bureau. Most significant phase of the report, however, was a reference to the "special problem" created by Korean dope-dealers who, being Japanese subjects and thus exterritorially protected, are not subject to the regulations of the new state of Manchukuo. Needless to state, the Korean morphine and heroin peddler has always constituted a problem in Manchuria, because of his possession of exterritorial priveleges which absolved him from prosecution in Chinese courts. These Korean dealers, acting as agents for Japanese narcotic manufacturers in Dairen and Japan proper, have always operated in Manchuria and whenever the Chinese authorities arrested them, they always were immediately released by the Japanese consuls. Two or three years ago *The Review* published several pictures of Harbin narcotic joints operated by Koreans which the Chinese authorities had been unable to close because of the protection granted to the Koreans by the Japanese consular officials.

Obviously we have no intention of giving the impression that Manchuria was free of the opium evil prior to the Japanese occupation. Jehol province always has been a large producer of opium which was sold illicitly both in Manchuria and in China proper, but the trade was illicit and efforts constantly were being made to stamp it

out, despite the fact that certain military officials derived a profit therefrom. But while opium was illicitly produced and sold there never existed an official monopoly under which the production and use of the drug was encouraged as now prevails under the Japanese administration.

The subject has a direct bearing on the recent ratification by 33 countries of the League Convention for the Limitation of Manufacture and Distribution of Narcotic Drugs. The nations which have ratified the Convention are as follows:

Belgium	Mexico
Brazil	Monaco
Bulgaria	Nicaragua
Canada	Persia
Chile	Peru
Costa Rica	Poland
Cuba	Portugal
Czechoslovakia	Dominican Republic
Egypt	Roumania
France	Spain
Germany	Soudan
Great Britain	Sweden
Hungary	Switzerland
The Irish Free State	Turkey
India	The United States
Italy	Uruguay
Lithuania	

An inspection of this list of leading countries shows that Japan has not seen fit to cooperate in the humanitarian project, her object in refusing to cooperate being obviously due to her recent activities in Manchuria as well as her long-established policy in dopeing the natives of her other colonial possession, Formosa. Under the Geneva Convention, existing laws for controlling the production of narcotics are greatly strengthened as well as punishment for violators found guilty of manufacturing, conversion, extraction, preparation, possession, sale, distribution, brokerage, purchase, importation and exportation of drugs. Offences will be punishable even when committed in other countries and offenders will be extraditable. However, Japan's refusal to concur in the Geneva Convention will obviously create a special problem in the Far East for with her 37-year old official monopoly in Formosa and her newly created official monopoly in Manchukuo, Japan undoubtedly will be in a position to dominate the world market, particularly in view of restrictive measures adopted in other countries. In order to keep the products of these Japanese monopolies and narcotics factories out of the United States it probably will be necessary for the U. S. Navy to convert the entire American fleet into an opium and narcotics-chasing patrol along the Pacific coast.

JAPANESE REPORT EXPOSES REAL PURPOSE OF S. F. R. A.

THE well-known Japanese newspaper, *Osaka Mainchi,* on May 17 published a dispatch from its Shanghai correspondent which completely exposed the real objective of the so-called "Shanghai Foreign Residents Association," which was formed in this city early last April. Since the Japanese report speaks for itself, we reproduce the first paragraphs exactly as they appeared in the Osaka newspaper:

"Shanghai, May 13.—A movement calculated to be the prelude to the joint control of Shanghai by the Powers has been started by foreign residents of this city.

"Since the organization of a round-table conference for the settlement of the Sino-Japanese dispute failed, the foreign residents here have been afraid of disturbances by the Chinese, and in order to protect their interests, they have been anxious to take measures to that end.

"With this in view, a movement for the formation of a foreign residents' association has been started by H. G. W. Woodhead of the *Shanghai Evening Post-Mercury*, who is strong for the Powers' joint control of China ....."

"The promoters of the association have started a drive for membership. The association plans to display activity as a political organization, cooperating with other organizations and keeping in close touch with the foreign diplomatic corps in China....."

The remainder of the report told of the circular which the S. F. R. A. recently distributed soliciting membership and also contained the names of others interested in the organization, one name being that of a recently elected British member of the Shanghai Municipal Council. It is unnecessary to state that this report from the *Osaka Mainichi* fully confirms everything which has appeared previously in *The Review* (April 29 and May 13) regarding the inner motives of those who were responsible for the creation of the S. E. R. A. In other words the organization is nothing more nor less than a continuation of the intrigue which was started during the course of the Sino-Japanese hostilities at Shanghai last year for the formation of a so-called "free-city-state" or foreign colony which would embrace all of the territory at the mouth of the Yangtsze, including the Chinese municipality of Greater Shanghai.

In previous discussions pertaining to the objects of the S. F. R. A. as well as the abortive "free-city-state" intrigue of last year, attention has been called to the fact that these movements are contrary to the Nine-Power Treaty which was signed at the Washington Conference in 1922; hence these organizations under ordinary conditions would be classed as "seditious" in any sovereign country. That they are not seditious here is due entirely to the fact that foreigners, because of exterritoriality, are not subject to Chinese jurisdiction. The *Japan Chronicle,* British paper published at Kobe, in a recent discussion of this subject, overlooked this important point and assumed that the Shanghai Foreign Residents Association had been organized somewhat along the lines of the so-called Kobe International Committee which performs a useful service in making representations to the Japanese authorities on matters of common interest at the Japanese port. The report reproduced above from the *Osaka Mainichi* as well as other recent disclosures, indicates quite clearly that the two foreign organizations differ radically as to their objectives. Foreigners in Japan do not possess exterritorial priveleges, hence are subject to Japanese laws and police regulations. It doesn't require much imagination to picture what would happen, for example, if

the Kobe International Committee should start an intrigue and circulate propaganda to the League and elsewhere recommending the creation of a foreign-controlled "free-city-state" or colony that would embrace a considerable section of the territory about the Inland Sea and including the important Japanese cities of Kobe, Kyoto and Osaka. Any foreign resident of Japan who had the temerity to make such a suggestion would either be deported or placed in a ward for examination as to his mental condition. But as stated in the foregoing, certain foreigners, usually classed as "die-hards," are constantly plotting such schemes here at Shanghai, their present object apparently being to take advantage of Japanese aggression in order to carve out something for themselves.

In the previous explanation of the inner objectives of the Shanghai Foreign Residents Association which appeared in these columns it was shown that the original promoters included a small clique of Europeans and Japanese, following which the various foreign chambers of commerce were invited to nominate representatives to serve in a minority position on the executive committee, the purpose being to create the impression that the S. F. R. A. was really representative of the entire foreign community at Shanghai. The names which appeared on the original circular, together with their nationalities and local business or professional connections, was as follows:

Names	*Nationality*	*Business or Professional Connections*
E. F. Harris	British	Sun Life Insurance Co. of Canada
R. D'Auxion de Ruffe	French	Lawyer
J. M. Tavares	Portuguese	Lawyer
M. S. Bloch	Polish (Previously Russian)	M. Bloch and Co. (manufacturers)
A. de C. Sowerby	British	The China Journal
H. G. W. Woodhead	British	Columist, *Shanghai Evening Post*
Ranald G. McDonald	British	Lawyer
A. Gironi	French	La Generale Soies (silk exporters)
C. Fumagalli	Italian	Agencia Manifatture Italiane (?)
H. Stromwall	Swedish	Holdo Stromwall (merchant)
J. Donne	French	Racine and Company (importers-exporters)
A. Mouton	French	Olivier-Chine (importers-exporters)
Ch. Metzler	Danish (Previously Russian)	Reinsurance Co. Rossia, Copenhagen
T. Funatsu	Japanese	Japanese Cotton Mill Owners Assn.
J. Barraud	French	Lawyer
Arthur Bassett	American	British-American Tobacco Company
T. O. Thackrey	American	Shanghai Evening Post
T. Sakurauchi	Japanese	Japanese Residents Association
M. Yoshida	Japanese	Mitsubishi Shoji Kaisha
F. A. Leitao	Portuguese	Portuguese Club
B. Rein	Norwegian	Wallem and Co. (brokers and ship agents)
G. V. Synnerberg	Finnish (Previously Russian)	Synnerberg and Co. (paper importer)
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Another Manchurian "Open Door" Closed---Japan Takes Over All Electrical Communications

ON May 15 the Tokyo Foreign Office made public the text of an agreement which apparently had been signed on March 26 at Changchun (Hsinking), capital of Manchukuo, under which all electrical communication facilities throughout Manchuria were handed over to a so-called "Manchukuo-Japanese joint stock company" which is to be controlled by the two governments. While the announced object of the deal was to consolidate electrical communications belonging to both nations in Manchuria, the practical effect will be to place Japan in complete control of all organs of communication throughout China's four northeastern provinces. A perusal of the text of the agreement which is reproduced herewith from the *Osaka Mainichi* (May 18) shows that no one may own stock in the corporation, capitalized at Yen 50,000,000, or serve as directors on the board, excepting citizens or subjects of the two countries. The corporation is to be subject at all times to the orders of the two governments, particularly the military authorities, and in case of dispute the Japanese text of the agreement shall be considered as official. The agreement was signed by Imperial Japanese Ambassador Muto and the Manchukuo Minister of Foreign Affairs, Hsieh Chieh-shih. The head of the enterprise, according to a *Rengo* dispatch from Mukden on May 30, will be Lieutenant-General Yamanouchi of the Imperial Japanese Army.

This agreement which places all radio, telephones and telegraphs under the control of a Japanese Government dominated corporation effectively closes the "open door" in these lines of activity, similar to what occurred on March 1 when the Japanese government-controlled and operated South Manchuria Railway Company took over all of the formerly Chinese-owned and operated railways in Manchuria. In practical language this means that American, British, German and other foreign firms which formerly enjoyed a lucrative trade in Manchuria through supplying materials for the Chinese utilities, will no longer be able to participate in this market. The new Japanese-dominated corporation, may for reasons of policy, occasionally place orders with foreign firms, but the open market which previously existed when the Chinese controlled Manchuria, will now be a thing of the past — despite the assurances of Japanese spokesmen and propagandists who claim the Open Door will continue to be maintained.

The text of the new agreement providing for the establishment of the so-called "joint-establishment" for the control of Manchurian electrical communications follows:

The Governments of Japan and Manchoukuo desiring the consolidation of the electric communications facilities belonging to both nations, which are now under the jurisdiction of Manchoukuo, the South Manchuria Railway and the Kuantung Leased Territory, and realizing the necessity therefor of the establishment of a Manchoukuo-Japanese joint stock company, stipulate the following conditions:

Article 1: The Governments of Manchoukuo and Japan will cooperate for the establishment of a Manchoukuo-Japanese joint corporation and place the wire and wireless electric communication means in Kuantung, the South Manchuria Railway Zone and in the region under the jurisdiction of Manchoukuo under the management of the corporation. It is to be clearly understood that the said electric communications do not include those belonging exclusively to the Military and Police, Government offices, railway and aeronautical enterprises.

Article 2: The capital of this corporation shall be Yen. 50,000,000 of Japanese currency. The capital can be increased through the joint approval by the Manchukuo and Japanese Governments.

Article 3: The shares of this corporation shall be such as bear the names of the holders, and shall only be owned by the Governments of Japan and Manchoukuo, organizations, individual nationals, or judicial persons established by the statutes of Japan or Manchukuo, provided the majority vote shall be vested with nationals or judicial persons of either Japan or Manchoukuo, or both.

Article 4: The Governments of Manchoukuo and Japan are to provide as their investment the electric communication facilities now belonging to both nations in the regions of the South Manchuria Railway Zone and under the jurisdiction of Manchoukuo and Kuantung. These facilities do not include those that belong exclusively to the military or police or to the aeronautics, railway and Government offices. Legal persons and individuals of Manchoukuo may invest what electric facilities they own. As for the investment in chattels, the full paid-in capital stock is to be provided. The amount of the investment in chattels is to be calculated on the basis of the appraised price of the existing facilities.

Article 5: The Board of Directors (including auditors) of this corporation shall be made up of the nationals of either Japan or Manchoukuo. The representation of Japan and Manchoukuo on the Board of Directors shall be proportionate to the number of shares owned by the respective Governments, individual nationals, and other corporations of these two countries. The number of either Japanese or Manchoukuo directors and auditors, nevertheless, shall not be less than one-third of the other.

Article 6: The division of profits of this corporation shall not exceed a fixed percentage. Priority rights may be given to some extent in the payment of such dividends to shares other than those owned by the Governments of these two countries.

Article 7: As regards the shares alloted to the Manchukuo Government, individual nationals, and other corporations by virtue of the Article 4, as well as other shares owned by Manchoukuo nationals and other corporations, the dividend may be paid in Manchoukuo currency at the rate of exchange at which their respective investments were made.

Article 8: No taxation whatever shall be levied upon the income accruing from the real estate possessed by and through the business management of this corporation nor upon the legal registrations or provisions required by this corporation in districts under the jurisdiction of the Japanese Government in the Kuantung Leased Territory and the South Manchuria Railway Company.

Article 9: This corporation, in the expropriation of land, construction of electric transmission lines, and utilization of means of traffic and communications, as well as all the supplementary affairs relating to the business management of this corporation, shall be endowed with the power enjoyed by the Government institutions that hitherto have run the enterprise.

Article 10: This corporation's electric communications equipment, is well as supplementary parts thereof, shall not be offered as securities nor can it be attached or provisionally attached.

Article 11: The Japanese and the Manchoukuo Governments jointly will superintend the enterprise of this corporation. The Japanese and the Manchoukuo Governments may issue any orders deemed necessary. The Japanese and the Manchoukuo Governments may nullify the decision or dismiss officials of this corporation in case such decisions or the deeds of the officials are in conflict with the present agreement, the law of the two countries, or the regulations of this corporation or when such decision or deed of the officials is harmful to the public welfare or in ocnflict with the order of the superintending offices.

Article 12: This corporation shall first obtain the consent of the Governments of Japan and Manchoukuo, when it desires to alter its corporate statutes, appoint or dispense with the services of directors or auditors, float loans or agree on or change tariffs, consider the distribution of profits, decide on amalgamation or dissolution, plan corporation activities in every fiscal year, enter into agreements with others concerning communications, or dispose of corporation chattels.

Article 13: The military authorities of Japan and Manchoukuo shall be authorized to issue necessary orders to the corporation on matters relating to military activities, or to take any action deemed necessary for military activities. Any material damage that may be suffered by this corporation on such account shall be reimbursed.

Article 14: The Governments of Japan and/or Manchoukuo shall be authorized to order the corporation to place any or all means of communication owned by the corporation at the disposal of railways, airways, or defence, when such requisitioning is deemed appropriate.

Article 15: This corporation may ask the competent Government authorities for the right to use, if deemed proper for maintaining its business, electric communications appliances attached to railways or airways, or such appliances as are exclusively used for defence.

Article 16: The Governments of Japan and Manchoukuo may, when they recognize the danger of this corporation's being disbanded, purchase electric communications appliances and/or accessories at reasonable prices.

Article 17: In case doubt occurs concerning the management of this corporation, the treaty between Japan and Manchoukuo shall govern.

Article 18: In regard to international electric communication traffic, the corporation will be governed by existing treaties and other international agreements and arrangements.

Article 19: The Governments of Japan and of Manchoukuo will together appoint an organizing committee of 15 members and instruct them to execute all measures necessary for the establishment of the corporation, under the direct supervision of the two Governments.

Article 20: The organizing committee will draft the articles of incorporation and enroll stockholders in the corporation, subsequent to the authorization of the two Governments.

Article 21: The organizing committee will file a request for incorporation with the Japanese and Manchoukuo Governments in order to obtain authorization for the establishment of the corporation, subsequent to the closing of the public stock subscription.

Article 22: The organizing committee will turn over its work to the corporation staff, subsequent to the formal establishment meeting of the corporation.

Article 23: Ratification of the pact will be exchanged as soon as possible at Hsinking in order that the agreement may be formally concluded between the two Governments. The pact will become effective immediately after the exchange of ratifications.

The text of the pact will be drafted in the Japanese and Manchoukuo languages, two copies being made of each.

When any disagreement occurs between the interpretation of the Japanese text and the Manchoukuo text, the Japanese will be considered the official text.

The undersigned have affixed their signatures according to the authority given them by their respective Governments, in authentification of the above Articles.

Done on this 26th day of March, in the Eighth Year of Showa, or the 26th day of March, in the Second Year of Tatung, at Hsinking.

Signed: Nobuyoshi Muto, Ambassador of the Japanese Imperial Government.

Signed: Hsieh Chieh-shih, Foreign Minister of Manchoukuo.

War-Lord Araki Breathes Fire---Says One Faulty Step Would Wreck Nippon

GENERAL Sadao Araki, Minister of War, in the course of an address at the inauguration meeting of the recently organized "Hyogo-ken," or National Defence Association of Japan, held at Kobe on May 11, made what was termed in the Japanese newspapers a "super-appeal" for united support in the face of the serious crisis which is facing the Imperial Empire. According to War-lord Araki the crisis now facing Japan is due to the following causes, (1) The League has ruled that Japan is incapable of guaranteeing the peace of the Far East; (2) America is suspicious of Japan and is keeping her fleet in the Pacific and further strengthening the fortifications of the Panama Canal; (3) Soviet Russian despotism of the proletariat is absolutely incompatible with the policy of Imperial Japan which is ruled by the Emperor; (4) China, which should be in brotherly relations with Japan is an impossible country.

In other words, to quote Araki's statement, "Japan must defend herself against these wolves which are sharpening their fangs, these castaway cats which are showing their teeth in preparation for an attack....Such being the circumstances surrounding Japan, the entire nation must awake to the need of national defence, which means the strict observance of the Imperial injunctions and the enforcement of these injunctions in all walks of life for the defence of Japanese policy."

That there is vast significance in this latest of Araki's fiery appeals for support in the face of the rapidly rising tide of discontent on the part of the Japanese people is obvious. His complete address is too lengthy for reproduction here, but in effect he declared that regardless of the merits or demerits of the case, Japan's 90,000,000 people have started out on a road from which there can be no turning. No longer can Japan be subserviant to the Western Powers. Japan has recognized Manchukuo and must adhere to the decision to the last. There can be no outcry against military arbitrariness in Japan because in Japan the entire nation constitutes the arm. The Japanese army is an Imperial army and every sword and every bullet carries the Imperial Order. The Emperor's injunctions are absolute. Japan must compel China to cease paying attention to the Western Powers and go hand-in-hand with Japan. Japan demands the acceptance of her great claims for the establishment of peace in the Orient and propagation of Asiatic culture. Japan stands for stern realities; the League and the rest of the world attach importance to empty formalities. This is no time for argument!

One might well inquire as to what has inspired this outburst on the part of the leader of the Imperial Japanese War Party. Hubert S. Liang, a well-known Chinese writer who recently spent considerable time in Japan has offered the following explanation:

1—Dissatisfaction is steadily growing among Japanese businessmen and industrialists who are oppressed by the high taxation and loss of China markets resulting from the mailed-fist policy of the Japanese militarists.

2—Unemployment is rapidly growing due to the falling off of business, the number of unemployed being estimated from 6,000,000 to 8,000,000 out of a home population of some 65,000,000.

3—Japanese tenant farmers have been completely pauperized, while the small land-owners are in little better condition. Millions of Japan's agricultural population cannot earn sufficient from their labor to feed, clothe and shelter themselves in decent manner.

4—Although the outside world knows little about it, communism is steadily gaining ground in Japan. At the present there are more than 3,000 students in the various prisons who have been charged with spreading "dangerous thoughts." Along with communism there is also developing a definite fascist movement which is struggling against the communists for political control of the country.

5—Despite the vital need for funds in Japan, vast sums are being dumped into Manchuria with the object of colonizing and industrializing the country in the shortest possible period of time. But in view of the stringest financial situation in Japan and unsettled conditions in Manchuria it is becoming increasingly questionable whether Japan will be able to carry out her Manchurian policy. With regard to the colonization program, most of the military reservists and so-called "ronin" who have been sent to Manchuria have failed and are drifting back to Japan thus increasing the discontent in the home country.

6—Since the Japanese military group, or rather the entire ruling caste, has staked its existence on the permanent control of Manchuria at all costs, it cannot recede from its position without courting revolutionary disaster in the home country.

7—In view of this situation the Japanese military group can follow no other course than to continue to harass China through military means, while on the other hand vast sums are being used to foment trouble within China by using every possible means to stir up civil war among the rival Chinese generals.

An understanding of this situation provides the best possible insight into recent developments in north China which have culminated in the present negotiations between the Chinese and Japanese commanders for a truce. Other elements than the threatening domestic crisis in Japan have naturally had a bearing on Japan's apparently sudden decision to conduct negotiations with China. Japan is facing two difficult international conferences, economics at London and disarmament at Geneva. With her China market in a state of collapse and with other nations, one after another, erecting barriers against Japan's cheap goods, the general outlook for her greatly over-expanded industries is not favorable. As to the armament question, the situation is equally discouraging, for despite the bellicose declarations of the Tokyo war-lords, intelligent Japanese must realize their country is in no condition to embark on a race in warship construction. The natural result has been that certain elements in Japan have suddenly decided that something should be done to patch up their complications with China, hence the recent feelers which have been put out with that object in view.

Early in April, Kenkichi Yoshizawa visited China, announcedly for the purpose of investigat-

ing the boycott situation, but actually for paving the way for a peaceful adjustment of the present complications between the two countries. Yoshizawa is a son-in-law of the late Premier Inukai who was murdered by members of the military clique, hence presumably is not on very friendly terms with that group. At least the military group made a showing of opposition to his trip to China. While Yoshizawa was in Shanghai he saw several prominent Chinese, including General Huang Fu, with whom he discussed the possibility of peace, following which he proceeded to Shantung and thence to Tientsin and Peiping where further conferences were held. It therefore seems logical to assume that the present truce negotiations in Peiping are more or less a direct outcome of Yoshizawa's visit. It also seems logical to assume that Yoshizawa, in making his proposals, had the backing of Japanese commercial and industrial elements who must have peace in order to avoid complete bankruptcy.

Faced with a political crisis at home and an uncertain outlook abroad, the die-hard military crowd also apparently has decided that something should be done to patch up their complications with China—always with the reservation, of course, that nothing is done to disturb the Japanese position in Manchuria. This has been responsible for the rumors, particularly from Canton and the Feng Yu-hsiang camp that Japan would be willing to make concessions in China even possibly a renunciation of exterritoriality and other unilateral treaties, if China could be induced to recognize the independence of Manchukuo.

Considered from the Chinese (Nanking) standpoint the situation is equally interesting. The Japanese occupation of Tientsin and Peiping by the Japanese militarists would be a serious blow to the National Government from at least three important standpoints. First, it would result the Government's loss of important revenues; second, it would pave the way for a separatist movement in the north that might conceivably result in a re-establishment of the Manchu monarchy under Japanese auspices; thirdly, a hostile government extending its influence to the Yellow River would place the National Government in an impossible position, sandwiched in between Japan in the north and the reds and a hostile Canton in the south.

It has been a combination of these circumstances which has brought about the present situation. Certain elements in the Japanese military camp, particularly the Kwantung army, would like to occupy the Peiping-Tientsin district and re-establish the monarchy, but other Japanese military elements realize that this would require the sending of more divisions to China which cannot be spared from Japan at this time without a mobilization. The number of Japanese troops now in north China and Manchuria is not known, but is thought to be between 80,000 and 100,000, approximately half the standing army. The upkeep of this force is draining the country of revenues in the face of an unbalanced budget. And in addition to the other elements, the occupation of Peiping-Tientsin district would bring further complications with the Powers which the rulers of Japan might hesitate to face in view of the forthcoming London and Geneva Conference.

No sane person would question the fact that China needs peace, but in view of past bitter experience, it is obvious that China should regard the present Japanese peace moves with extreme caution. Although somewhat embarrassed at the present moment, the Japanese military clique has no intention of giving up anything. What they are after is a breathing space in order to enable the Tokyo war-lords to surmount their present domestic and international difficulties. While they are talking peace to one group of Chinese generals they are secretly encouraging other Chinese generals to create further difficulties in order to prolong Chinese chaos. Recently it has been proved quite conclusively that the Japanese have been supplying the Chinese reds in Kiangsi and on the Upper Yangtsze with arms. Any foolsh moves on the part of Chinese military commanders at this time might be disastrous because it would tend to help the Japanese war-lords out of their present hole and consolidate their position in Manchuria. That there is serious domestic trouble pending in Japan, there can be no question. The recent resignation of Mr. Arita, vice-minister of Foreign Affairs because of the present Tokyo regime's handling of the China, Manchurian and League issues, proves this point. But obviously China should move cautiously. As for the Chinese people, their best protection is in the fullest possible publicity regarding the negotiations now going on in the north. It is only in this way that they can protect themselves against secret deals that might be disastrous to the country.

Japanese Government Proposes to Control Export Trade

Recent advices from Japan state that the Department of Commerce and Industry and the Department of Foreign Affairs are secretly planning control of the export trade by an emergency imperial ordinance. The object of the scheme is to retaliate against countries who try to penalize Japanese "dumping." In order to control prices according to markets and articles, a valuation committee is to be appointed, so that the lowest quotations admissible for competition with foreign goods can be fixed from time to time. A proposed revision of the Customs Tariff Law provides that for articles imported from countries with which Japan has no trade treaty, the Government may impose duties not exceeding 100 per cent in addition to the ordinary duties.

An Imperial Ordinance for the functioning of the Office of Foreign Exchange Supervision was promulgated in Tokyo, May 24, taking effect immediately. Kazuo Awoki, Secretary of Finance Office, was appointed to head the new office, with four subordinate officials. The object of this office in the Finance Ministry is to take up the official business concerning the enforcement of the new law governing the government supervision of foreign exchange.

Extra Precautions to Protect Foreigners in Japan

According to the *Jiji*, the Japanese Home Office has issued instructions to the Chiefs of Police throughout the country, ordering them to use special care in regard to the protection of foreign residents from possible harm.

Since the withdrawal of Japan from the League of Nations there has been noticed a growth of anti-foreign sentiment among the Japanese people, and the Home Office is stated to be deeply apprehensive lest this sentiment should find violent expression against foreign residents, as such a contingency may seriously incommode the country's foreign policy, especially in view of the very delicate international situation.

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Has China Stopped the Anti-Japan War Only to Resume Domestic Fighting?

Foreign dispatches from Tientsin on Wednesday night, May 31, stated peace was signed in the offices of the Japanese O. S. K. shipping line at Tangku at 11 o'clock Wednesday morning. The terms include, (1) Chinese troops are to be withdrawn to a line extending from the sea thence running westward slightly to the north of Tientsin, thence to the north of Peiping and swinging northward to the Great Wall, but not including Kalgan; (2) No Chinese troops from the south or west will cross this line in the direction of the Wall and Chinese troops are to offer no provocation to the Japanese; (3) Japanese troops to insure faithful observance of these conditions by use of airplane reconnoissance or other means and Chinese troops must offer full facilities and protection; (4) The area between the line and the Great Wall is to be administered by Chinese police; (5) The armistice is to be effective from day of signature. The truce was signed by Kamura for the Japanese army and Hsiung Ping for the Chinese.

MOVEMENTS of troops in defiance of governmental orders, adoption of hostile resolutions and circulation of political telegrams, usual preludes to civil warfare in China, have been responsible for the feeling that the cessation of resistance to Japan is to be followed by an early resumption of civil strife between Nanking and Canton. Latest and most sensational developments have been concerned with the activities of the "Christian-General" Feng Yu-hsiang, who apparently has assumed control of Chahar province to the northwest of Peiping and at the same time announced his determination to continue the policy of armed resistance against the Japanese, despite any truce arrangement which other military commanders affiliated with the Nanking Government may have entered into with the Japanese.

Marshal Feng Yu-hgiang, who has assumed control of Chahar and invited "like-minded" military and political leaders to join his "anti-Japanese" army.

General Fang Chen-wu, former Feng subordinate, who has joined Feng and seized the Peiping-Kalgan railway.

General Li Chung-jen, Kwangsi commander, who allegedly is cooperating with other Southern leaders and Feng in the Anti-Japanese movement.

On May 29 the *Shun Pao* reported that all officials of Chahar, who had been appointed by the Central Government including the acting governor, Hsu Yung, had arrived in Peiping, and their places had been filled by appointees of Marshal Feng Yu-hsiang. The dispatch also stated that Feng had formally established his headquarters at Kalgan, which is located about 100 miles northwest of Peiping, and had appointed Gen. Chi Hung-chang, chief-of-staff of the so-called People's Anti-Japanese Allied Army. The governor of Chahar, Gen. Sung Chieh-yuan, former subordinate of Feng, who has been fighting the Japanese for many weeks at the Hsifengkow pass in the Great Wall, allegedly was also concerned in the new movement against Japanese aggression. A special dispatch from Peiping which appeared in *The China Press* on May 30, stated that Feng's object was first to recover the strategic city of Dolonor, located on the Chahar-Jehol border which was occupied by the Japanese several weeks ago during the Japanese conquest of Jehol. Dolonor is about 150 miles northeast of Feng's headquarters in Kalgan and about an equal distance directly north of Peiping. Dolonor's strategic value is due to its command of an important mountain pass connecting Chahar and Jehol and its location near the ancient overland trail connecting Peiping with Urga, capital of Outer Mongolia, a Soviet dependency. Thus far there have been no charges that Feng is receiving Russian support. In his circular telegram Feng stated that he would not interfere with the political administration in Chahar; that his sole object was to oppose Japanese aggression, particularly in view of the recent announcement of the Tokyo general staff that the Japanese intended to occupy Kalgan.

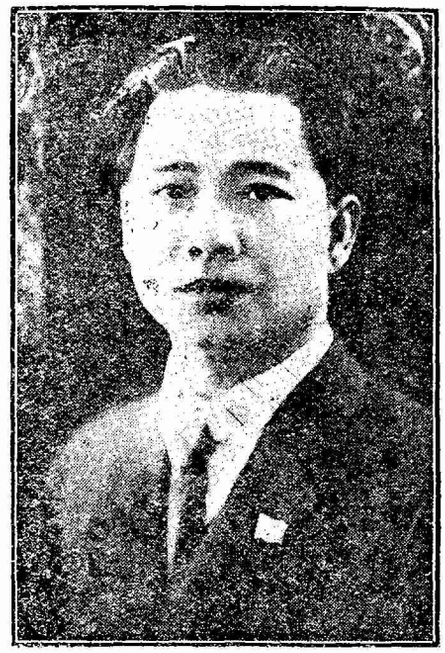
An earlier telegram circulated by Feng (May 27) strongly criticised Nanking's "lack of determination and definite plans in resisting Japanese aggression....instead of devising plans for counter-attack, the Nanking commanders are trying to negotiate a compromise in order to gain temporary security." Feng's appeal for assistance on the part of "like-minded" people through-

out the country was sent to the Kuomintang Central Executive Committee at Nanking and also to the Southwestern Political Council at Canton, with which Feng is supposed to be in alliance. According to reports from Peiping, Marshal Feng only has a small force of some 3,000 bodyguards, but he has an immediate ally in Gen. Fang Chen-wu who controls a portion of the railway between Peiping and Kalgan with some 4,000 troops. Other commanders whose names have been bracketed with Feng's enterprise are Sung Chieh-yuan, Sun Tien-ying, Feng Chen-hai (volunteer leader), and Gen. Yu Hsueh-chung, governor of Hopei province. Latest reports from Peiping stated railway communication between that city and Kalgan had been interrupted, thus greatly increasing the confusion which has prevailed in that city since the withdrawal of Chinese troops began. Special orders were issued for the protection of foreign residents and members of the diplomatic corps. In the meantime reports in the Chinese newspapers claimed that the Japanese have increased their so-called legation guard in Peiping from 500 to 2,500 and practically have issued orders to the Chinese troops to vacate the Tartar city. A further report from Peiping on May 28 claimed the Japanese and Manchukuo forces are steadily advancing on Kalgan from Dolonor despite the truce negotiations. A report in the *China Times* on May 28 claimed that Feng now has 30,000 troops in his "allied" army and shortly expected to have 50,000. A further source of uncertainty in the north, according to the Chinese newspapers, is the attitude of Gen. Yen Hsi-shan, governor of Shansi province, who was previously allianced with Feng Yu-hsiang in the Northern Military Coalition against Gen. Chiang Kai-shek in 1931. A Kuomin dispatch from Taiyuanfu on May 29 stated that Gen. Yen had appointed a new commander, Gen. Sun Chu, as controller of the garrisons and defence commissioner on the Shansi-Chahar-Suiyuan border, which area is adjacent to that now controlled by the Christian General.

That Marshal Feng's declaration and subsequent activities have been timed to accord with similar political and military moves at Canton is generally believed. Since Canton's original denunciation (May 19) of the truce negotiations between the Sino-Japanese military commanders at Peiping, there have been further developments in the South which tend in the direction of an ultimate split with Nanking, particularly if Nanking should make a deal with the Japanese considered detrimental to the nation. On May 27 Canton issued a further denunciation of the truce parleys, charging that the northern military commanders were selling Manchuria in order to prevent the Japanese occupation of Peiping and Tientsin. The Southwestern Political Council also inquired whether the Kuomintang Central Executive Committee had approved of the alleged terms in the truce agreement whereby China supposedly had agreed to step the supply of arms to the Manchurian volunteers or to suppress the anti-Japanese boycott? Canton charged that if these reports were true it amounted to a violation of all League resolutions pertaining to the Manchurian issue. Concluding the Canton telegram demanded punishment of all military "traitors" who were participating in the Sino-Japanese parleys.

In addition to the Canton developments, Madame Sun Yat-sen (Soong Ching-ling), widow of the late Kuomintang leader, in a statement dealing with the northern situation charged that the contemplated truce "practically gives up the territory north of the Yellow River to the Japanese imperialists." She also charged that political elements affiliated with the Nanking Government, as well as most of the Chinese newspapers, were trying to divert the attention of the Chinese people from the policy of "betrayal to Japanese imperialism,....

Tong Shao-yi, veteran Kuomintang statesman, who served as first premier after the establishment of the Republic and has held numerous offices since that time, has now cast his lot with the South and recently participated in a statement denouncing the truce parleys with the Japanese. (Mr. Tong is head of the Chung-Shan model district at Canton.)



Wang Ching-wei, head of the Nanking Executive Yuan, who insists the only way to handle the present crisis is through a policy of "diplomacy and resistance."

Sun Fo, head of the Nanking Legislative Yuan, who recently went to Kuling to confer with General Chiang and other leaders on the present crisis.

it being quite clear that the present Kuomintang regime will never drive the Japanese imperialists out of Manchuria....This will be done only when the masses of the Chinese people rise against imperialism and its tools and regain our lost territories and settle all issues confronting China."

Further opposition to the truce negotiations has been expressed by various educational groups at Shanghai including the University Students Federation, University Professors Association, Middle-school Teachers Association, Student Federation, Young Men's Patriotic Lecture Group, etc. Most of the resolutions denounced the military "traitors" who have been negotiating with the Japanese and unanimously the students announced their determination to spend the summer vacation in patriotic activites concerned with the anti-Japanese movement. Gen. Huang Fu, the Nanking emissary who was responsible for the initiation of the truce negotiations, was the object of most of the student denunciations.

Generals Tsai Ting-kai and Chiang Kwang-nai, commanders of the 19th Route Army in Fukien province, both of whom participated in the defence of Shanghai against the Japanese intervention here last year, also have protested against the Peiping truce, declaring that any abandonment of the policy of military resistance means capitulation and compromise with the enemy, creating a situation leading to the ultimate loss of China's national existence. Both commanders declared they would rather suffer themselves to be beheaded than to capitulate to the Japanese.

Dr. Lo Wen-kan, Minister of Foreign Affairs, former close associate of Marshal Chang Hsueh-liang, who allegedly is not over-enthusiastic regarding the successful outcome of the Sino-Japanese peace parleys in the north.

That Canton's and the 19th Route Army's resistance is likely to be more than verbal denunciations, has been indicated in the reports from Canton and Hankow telling of the advance of the southern "Anti-Japan National Salvation Army," composed of two brigades of the Nineteenth Route Army, the Fourth Kwangtung Independent Division and the Twenty-fourth Kwangsi Division. This force is moving into southern Hunan province from Kwangtung and while an earlier report of a clash with the Hunanese troops near the border has been denied, it appears that the southerners have reached Chenchow which is the most southern point on the railway running to Changsha and Hankow. A report by *Reuters* on May 29 stated the 19th Route forces were remaining at Chenchow, awaiting reinforcements from Canton consisting of the 4th Independent division commanded by Gen. Teng Lung-kwang. The report stated that the 44th and 45th Kwangsi divisions were also moving from Shaokwan in Kwangtung into Hunan. Further reports from Canton appearing in the *Shanghai Morning Post* stated that Canton was making a desperate effort to raise funds to finance the anti-Japanese expedition. Also it was claimed that Gen. Chen Chi-tang, head of the Canton administration had ordered the construction of fortifications along the Kwangtng-Hunan border. A further report in the *Min-Kuo-Jih-Pao* (Canton) stated that the Canton political council had sent an invitation to the military and political leaders in Hunan, Szechuen and Kweichow to cooperate by sending troops to join in the anti-Japanese expedition. The same paper stated that the Canton authorities shortly would issue a further declaration clarifying their stand regarding the Sino-Japanese truce negotiations.

Although Gen. Araki, Imperial Japanese War Minister, reported to the Tokyo cabinet on May 30 that the so-called Anti-Chiang Kai-shek movement in north and south China "did not deserve any particular attention, officials of the National Government at Nanking" apparently do not share his optimism. This was indicated May 29 when practically all high officials of the Government, including Wang Ching-wei, Sun Fo, Lo Wen-kan, Tang Yu-jen, Wang Shih-chih, and Admiral Chen Shao-kwan boarded a gunboat and went to Kuling where they held a hurried conference with Gen. Chiang Kai-shek. The result of the conference was not announced, but a report from Peiping appearing in *The China Press* on May 30 stated that fresh instructions had been sent to Gen. Huang Fu regarding the truce negotiations. The Peiping report stated there had been further withdrawals by both the Chinese and Japanese forces in order to avoid a possible clash during the progress of the conversations. It also was stated that the Japanese Minister, Mr. Ariyoshi who is now in Shanghai would shortly depart for the north in order to join the Japanese peace delegation. It was stated further that the Japanese, because of hostile sentiment in China, "would not insist upon recognition of Manchukuo as one of the terms of the armistice, but would insist upon the demilitarization of a broad zone south of the Great Wall as a protective measure against future Chinese military moves directed against Manchukuo. A report from Nanking in the *Shanghai Evening Post* on May 30 stated that the forthcoming Sino-Japanese negotiations would be held at Tangku and that the Chinese delegates already had departed for that port by special train. A further report from Peiping stated that most of the negotiations on the Japanese side, to date, had been conducted by Lieutenant-General Nishi who drove the Chinese forces out of the Miyun area, but it was thought the Chief Japanese delegate in the final negotiations would be Gen. K. Koiso, Chief-Staff to Gen. Muto, Commander-in-Chief of the Japanese forces in Manchuria. Gen. Koiso on a recent trip to Tokyo urged the dispatch of larger Japanese forces to north China and the occupation of the Peiping-Tientsin area.

In an effort to allay popular misgivings regarding the truce arrangement, the Nanking Government on May 28 issued through the official *Kuomin* service a declaration that the truce now

under consideration "would be entirely temporary and of a local and military nature and therefore would not be incompatible with the declared policy of the Government calling for sustained resistance and recovery of lost territories." Continuing, the declaration said there was absolutely no possibility of the Government ever agreeing to an ignominious surrender; that had the Government intended to surrender it would have done so when the Japanese attacked Shanhaikwan and Jehol; that present cessation of hostilities did not amount to surrender; that there would be nothing in the truce arrangement prejudicial to future efforts to recover Manchuria; that Manchuria is a political and diplomatic question, hence is entirely outside the sphere of the local military or civil authorities at Peiping.

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HANKOW APPREHENSIVE OVER WHAT MAY HAPPEN AFTER TRUCE!

(From The Review's Hankow Correspondent)

After the truce what? That is the question agitating the minds of all who are vitally interested in the future well-being of China. The majority of observers here seem to think that should peace be restored between China and Japan, civil strife will flare up again. It would seem as though Gen. Chiang Kai-shek's influence in the Peiping area were waning, as few of his men were appointed to the Peiping Political Council. And now in today's press reports, Lo Wen-kan's pronouncement denying that Nanking is backing Huang Fu in his truce negotiations, points in the same direction.

There are many indications that preparations are being made to forestall any surprise attack. The movements of Gens. Feng Yu-hsiang and Han Fu-chu are being closely watched as they apparently are the strongest potential opponents in the North. Liu Chih, the chairman of the Honan provincial government, is keeping in close touch with Chiang Kai-shek, through his personal representative Honan Treasurer Li Wen-hao, who just returned from a trip to Nanchang. Liu Chen-hua, Honan, Hupeh, Anhui Border Bandit Suppression Commissioner now in Nanking after a conference with the Generalissimo, may proceed to Honan soon. The strategic position of Honan makes its attitude of outstanding importance in any new orientation among the groups of generals in China.

The Southwest is very active on the southern border of Chiang Kai-shek's sphere of influence. Some successes and not a few reverses south and west of Nanchang, in his fight against the Reds, show quite clearly that he is not only waging war against the Communists, but that he is also trying to check the advance of the Cantonese into his special domain.

The propaganda of the Southwest group against Chiang Kai-shek is also reflected in the opinion of many of his fellow country-men here. One can hear the praises of the Cantonese troops being sung by many. Perhaps it is the easy optimism of the rainbow-chasers, forgetting that a bird in the hand is worth two in the bush.

What is the strength of the Southwest in relation to Chiang? Opinion varies. Some well-informed circles state that the latter's troops are far better trained and disciplined. If Chiang Kai-shek could meet his opponents one at a time, with his financial resources and his crack regiments he would easily gain the victory. But the Red menace is an uncertain quantity. Keeping in close touch with all political and military movements they would be sure to avail themselves of the opportunity offered by civil strife. Ho Lung and his hordes are already moving eastward near Itu. All seems to point to a concentration of a large number of Red troops in the area southeast of Ichang and south of Shasi and along the south bank of the Yangtze river and in the Red Lake district. Gen. Hsü Yüan-chüan, western Hupeh Bandit Suppression commissioner, is now located in Kingchow, near Shasi, guarding the avenues of commerce from the harassing Reds. His troops are too few to engage those of Ho Lung, variously estimated at from 15,000 to 30,000. Moreover, nothing would hinder the Reds in Szechuan from coming down the Han River valley and linking up with the Reds near Shasi, should that be deemed by them advantageous. In isolated places the Nanking troops are successful their encounters with the Reds, as for instance at Chin Niu, northeastern Hupeh, where the local press reports 400-500 Reds were killed on May 23-24, in an all day and night engagement. The small fry were captured, but the big fish got away.

No untoward incidents have occurred on the Yangtze, according to latest reports. The railways, Peiping-Hankow and Hankow-Canton, are running on schedule time, with minor interruptions.

The latest information concerning the Cantonese troops reports them advancing into Hunan with no opposition from Gen. Ho Chien.

There is something in the rumored terms of the armistice now being negotiated by Gen. Huang Fu in Peiping, that has a direct bearing on the situation in the Central China area. It is this: the withdrawal of Chinese troops to the Yellow River. This would make it possible for Gen. Chiang Kai-shek to bring his men nearer Hankow in case of a possible clash with the Southwest or Cantonese troops advancing northward in Hunan province.

It is significant that one of the Peiping-Hankow railway chiefs was in conference with Gen. Chiang Kai-shek about the 22nd of May. Moreover, the trains on this line have been delayed during the past week, no doubt due to troop movements in the north. However, the service has not been badly interrupted, through trains from Peiping arriving in Hankow only six or seven hours late.

On the surface of things it would seem as though Gen. Ho Chien were blocking the onward march of the Cantonese troops, since no news of their movements can be gleaned from this distance. However, the allegiance of Gen. Ho Chien and Gen. Hsia Tou-yin to the policies of Gen. Chiang Kai-shek may not be as whole-hearted as could be desired by the Nanking group. One interesting side-light gleaned from the Chinese press, may have some significance in this connection. Gen. Hsü Shih-liang, the Commander-in-Chief of Liao-ning, Kirin, Heilungkiang, on the 21st of May called on the governor of Hupeh province at Wuchang, and found Gov. Hsia out on business, whereupon he left for Nanchang to confer with Chiang Kai-shek. Informed circles would not be surprized to find Hunan and Hupeh come out in favor of Canton should that prove to be the stronger party after the perliminary clashes.

Some of the reasons for the discontent of the Chinese merchants with the Nanking regime is the disregard for property and personal rights repeatedly shown also during the past months. One man owns a house and garden, which he has not occupied for years. It is in a fashionable section of the city and has been used for billetting troops. Now the municipal authorities politely request the man to donate the property to the city for the purpose of a public park. Some weeks ago several compradores in the service of Japanese companies were murdered or kidnapped. Nothing apparently was done to apprehend the miscreants and bring them to justice. With life and property so insecure many wealthy Chinese have removed to Shanghai, or at least invested their wealth in Shanghai property and holdings. Some Chinese companies have merged with American or European companies in order to benefit from the added protection . Moreover, the business tax proposed for June 1st, is making Chinese exporters somewhat nervous and as much cargo as can be accommodated will leave port before that date. The policy of farming out the business tax makes it a vicious thing, no uniform standard prevailing and the unscrupulous means used to squeeze the tax of the merchant, increases his hatred for the system that allows such practices to exist. No merchant would oppose a just and fair tax.

Some time ago the local governmental authorities had a scare, when the Cantonese group made a bid for the opium raised in the upper Yangtze River valley. It is reported that the Kweichow and South West group were ready to transport it along channels that would lead the revenue derived therefrom into the coffers of the Southerners. Some arrangement has been made with the transporters of opium and the drug is making its way down river to Hankow, where the proper tax is collected by the Opium Suppression Bureau. With the opium dens running wide open there is not any attempt apparently being made to hinder the use of it. The money thus derived is a substantial part of the govern-

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ment's revenue in this area. These facts are common property and do not enhance the reputation of the Nanking regime for clean and just government.

However, there is a strong minority who believe that Gen. Chiang Kai-shek is the best man available and that his chief weakness is the fact that he has to make use of the local leaders, whose ideals are far from coinciding with his. The resultant compromise and lowering of standards are inevitable. Give him another chance, they say. If Chiang were eliminated, who would you put in his place?

Some of the leading foreign officials in Hankow would not be surprized to find the Japanese entering the Yangtze Valley, should the Chinese not agreed to the peace terms laid down by Nippon in Peiping. The attitude of the foreign powers here would be the same as reflected in Peiping and Tientsin: interested neutrality.

Due to the heavy competition with Japanese goods since the fall of the Yen, and the closing of the Manchuria market, the Tseng Hwai Cotton Mill, Wuchang, closed down last Monday, 22nd May. Its 3,000 employees have petitioned the provincial government and the gendarmerie to consider reopening. For some time the mill has been running at a loss.

One wild rumor puts the disturbance in Hunan, near Yochow, the migration of the Red forces over the Canton-Hankow railway, to the account of the South West group, as though they had inspired it. However, all signs seem to point to the fact that they are quite independent of the Cantonese. The movements of the Reds in the area south of Shasi are being closely watched by the government authorities. Regularly officers make personal reports to Gen. Chiang Kai-shek. No reports of further extended movements of the Reds has come to hand. Traffic up and down the Yangtze remains undisturbed, no firing on steamers. The U.S.S. Guam is now in Changsha, according to latest reports.

Geneva Journalist Confers with Chiang

William Martin, prominent Geneva journalist, editor ot the *Journal de Geneve*, spent two days, May 21 and 22 at Kuling in conference with General Chiang Kai-shek. No announcement was issued regarding the subject discussed, but in an address delivered before the students and faculty of Wu-han University on May 26, Mr. Martin declared that Manchuria and other lost territories would be restored to China, providing China does not sign any agreement with Japan. Any truce or peace agreement signed with Japan at this time is likely to be extremely detrimental to China, Mr. Martin declared.

It his opinion, China's hope lies in not committing herself to any truce agreement which may by implication egalize the Japanese possession of Manchuria and Jehol. The Tokio government and its policy may change and the attitudes of the powers may also change as time goes by. The League of Nations has helped China by preventing her from being forced to sign a treaty of surrender and it is still the intention of the League that no agreement should be signed directly with Japan.

Mr. Martin greatly deplored the inefficiency of the Chinese boycott against Japanese goods and services. "For the first time in history, the League of Nations has declared in a resolution the boycott against Japan as a legal and legitimate weapon, but everywhere I go in China I see Japanese shops open for business, Japanese goods being sold and their ships still plying China's rivers."

As to the future of the League, its position is greatly weakened by Japan's withdrawal,and it is in danger of being too European. In this respect, he declared, China, being the only important Asiatic power in the League, can render it a great service by remaining loyal and having faith to this great international organization.

The *Morning Post*, (Shanghai Chinese daily newspaper) comments:—"China is greatly humiliated by her inability to ward off external aggression. but she is the more humiliated by the existence of unscrupulous militarists who are still fighting against each other while the country itself is in a critical condition. The present movements of the Szechuen warlords can be regarded as a 'double humiliation' of China. The Szechuen warlords have never made any attempt to fight the Japanese. yet they have imposed taxes in Szechuen known as the 'Anti-Japanese Tax.' They made no attempt to suppress the bandits to relieve the sufferings of the people, yet they impose a Bandit Suppression Tax. Among their activities are the smuggling of opium and the imposition of heavy exactions on the people and other crimes. But worst of all, they are indulging in periodic civil-wars, thus causing great misery to the people."

Dismissal of Professor Takikawa Causes "Storm" in Japan

A major crisis in political and educational circles in Japan was caused May 26 when the Cabinet Council at Tokyo decided that Professor Sachihiko Takiakwa of the Kyoto Imperial University should be placed on the retired list.

It was previously expected that some sort of compromise might be effected between the Government and the University authorities because of the fact that both the faculty and the students of the University had been decidedly sympathetic toward the professor. The drastic step taken by the Government toward Professor Takikawa was a sequel to Government disapproval of a book written by the professor some time ago entitled "Primer of Criminal Law," which the Government authorities had found too radical and had banned.

The faculty and students of the Kyoto University look upon this action as a piece of deliberate interference of the Government in the "independence of scientific research" and a grave impairment of the dignity of the college.

Following the resignations *en bloc* of the members of the faculty of Law Department of the Kyoto Imperial University in protest against the dismissal of Prof. Takikawa, the students of the Department of Economics, May 27, struck in sympathy with the dismissed professor following a mass meeting held on the premises of the University.

The movement for the "freedom of learning" arising out of the dismissal of Professor Takikawa took a step further May 28 when students of the Literary Department strongly expressed their intention of unanimously supporting those of the Law and Economics Department. In the meantime, Dr. Konishi, President of the University called on Education Minister Ichiro Hatoyama and formally tendered his resignation, holding himself responsible for recent developments. The Medical Department has also joined the movement—which they claim is for the freedom of learning.

Internal Confusion Develops in Seiyukai

The internal clash of opinion concerning the question of giving support to the present Saito Cabinet, between the groups of radical elements and those holding mild and favorable views, is gradually becoming acute in the Saiyukai Party, a recent *Rengo* message from Tokyo stated. The leftist elements of the Party are advocating the severance of connection with the Government at an opportune moment. while the milder elements are in favor of providing continued support to the Government.

Imprisonment of 18 months with two year's probation. was meted out by the Tokyo District Court May 27 to Dr. Yoshio Imamaki, member of the Jimmukai, a reactionary society, who was involved in the plot against the life of Viscount Makoto Saito, the Premier, early this year.

Anti-Nazi Movement Started in Japan

A movement has been started by a small group of scientists, thinkers and literary men of Japan to protest against the "destruction of civilization" by the Nazis of Germany.

A Communist Case at Dairen

The details of the second Manchurian "Communist" case, of which publication had been banned, were officially released in Japan May 10. The case occurred in the autumn of 1931.

According to the official bulletin, rallying discontented workers of the South Manchuria railways, and its subsidiary factories, the Communists were plotting to extend throughout Manchuria the disquieting situation arising from the Mukden outrage, in inciting anti-war sentiment among the workers. The discovery of letters addressed to coal miners, enclosing such literature as "The Red Flag of Manchuria," and "Prepare for the Anniversary Day of Soviet Russia" provided information to the Dairen police of the existence of the Japan Communist Party's Manchuria Bureau in that city, leading to a raid on its office. Thirty-nine persons, among them five office girls, were arrested; 29 were indicted. The *Manchuria Daily News* printed the photos of the five office girls, all of whom are comely and intelligent-looking. This Dairen paper captioned the photos: "What Communist Girls Look Like."

Efforts for preventing the communization of school teachers were urged on 700 principals of secondary and

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Truce Negotiations Proceed at Tangku With Great Secrecy

FROM all that can be learned both the Chinese and Japanese negotiators of the truce in North China are desirous of delaying giving publicity to the actual state of affairs, and both for pretty much the same reasons, although from opposite points of view. Both the Chinese and Japanese negotiators fear the repercussions among the populace of their respective countries; the former because, as must inevitably be the case, the negotiators will agree to conditions which the great mass of Chinese will consider humiliating, and the latter, because the Japanese populace, who have been undergoing tremendous sacrifices in support of the glory of the Japanese militarists, will be dissatisfied when they learn that, as will probably be the case, the Japanese negotiators have made concessions of a sort which the Japanese populace will not approve of. In the meantime the situation has remained quiet on all fronts.

The only definite news of the truce negotiations that was available at the time of going to press was that Tangku had been selected as the place for the negotiations, said small port having been selected because of its comparative inaccesibility and the consequent privacy that it thus enjoyed. The Chief Japanese delegate is Lieut.-General Okamura, and he has given the reason that accommodation in Tankgu is limited for taking up quarters on board a Japanese warship. The truce conferences are being held in the premises of the China Merchants Steam Navigation Company. So far as could be ascertained the Chinese truce delegation consists of eight delegates, as follows: General Ho Chu-kuo, northeastern army commander, General Chang Chun, former mayor of the Municipality of Greater Shanghai and now member of the Peiping Political Affairs Reorganization Committee, General Yung Ping, of the Military Affairs Commission, Ying Ju-kung who participated in the peace conference at Shanghai last year, and Messrs. Chien Tsung-cho, Hsu Tsu-yi, Liu Hsiming, Chang Shao-kwang. Chinese reports state that both Chinese and Japanese have agreed not to discuss the Manchukuo question at the conference. One of the results of the truce negotiations was to increase the anti-Nanking sentiment at Canton. The Memorial Service speeches May 29 bitterly denounced Nanking for the truce agreement.

The Verbal Truce

According to the report, the preliminary understanding reached in the verbal truce between the two sides contained four provisions:

1—The troops shall be withdrawn to the south of Changli, Shunteh, Kaoliying, Tungchow, Hsiangho, Paoti and Ningho.

2.—The Chinese authorities shall send a representative to Miyun to discuss peace terms with the Japanese commanding officer. In the meantime the Japanese troops shall stop their advance on Peiping.

3.—The Japanese authorities shall also send a representative to Peiping to discuss peace terms with the Chinese authorities.

4.—Negotiations for the mutual withdrawal of troops shall be held at a certain point on the Peiping-Mukden Railway, each side to be represented by one delegate.

Chinese Press Comment on Truce

The *Sin Wen Pao* commented: "While the conclusion of the armistice is well received by the people in the North, it is a matter to be deeply regretted by the general public, but expressions of great indignation or deep regret will not help in any way to improve the present deplorable situation. The hope of China entirely depends upon whether our people have the necessary determination to save our country or not. If they have, China can be saved even if she was in a worse situation than she is to-day. Otherwise, China will be ruined even if there where no Japanese aggression. The salvation of China depends on the national consciousness of the Chinese people. It was entirely due to this lack of consciousness that Japan occupied the entire North-eastern provinces."

Japanese Troops Withdraw

The Japanese troops on the Tungchow front commenced a general withdrawal on the evening of the May 24. The Japanese troops withdrew from Tungchow to a point considerably east of Tungchow. Seven miles separate the Chinese and Japanese troops on the Tungchow front. People are returning to Tungchow and the shops are reopening. The Japanese troops at Shunyi, 25 miles northeast of Peiping, have also withdrawn slightly. Peiping continues quiet and city life is proceeding normally. The exodus of citizens has practically ceased.

The Chinese units withdrew 10 miles west of Tungchow, leaving a small detachment for the maintenance of local peace and order in the city. The Japanese troops on the Peiping-Liaoning Railway evacuated to Hsukochuang, 10 miles west of Tangshan. The main forces of the Japanese troops on the Peiping-Kupeikow Highway withdrew to Miyun.

Four Japanese military planes made their appearance over Tientsin at 8:45 o'clock on the morning of May 26 apparently with the object of reconnoitering. Two Japanese airplanes flew over Peiping the same morning, but did not stay a long time.

Alleged Manchukuo Plot in North China Is Revealed

A Peiping telegram in the *China Times* dated May 23 printed a so-called secret document according to which a plot had been hatched by the Manchukuo Government to capture North China. According to this document, which dated back some months, the whole of North China was to be placed under Manchukuo control and the Chinese troops driven back south to the Yellow River. The plans included a scheme to engender hostile feeling among the people in North China against the South, to instigate a rebellion in the ranks of the North-eastern army; to co-operate closely with the members of the now defunct Peiyang Military Clique; and to transfer the Chief Executive to Peiping where a Monarchical form of Government was to be adopted with Pu Yi as the Emperor.

Chinese soldiers were billeted within the Forbidden City May 26 by order of General Ho Ying-chin, Chairman of the Peiping Branch of the Military Affairs Commission, for the protection of the numerous treasures and relics still remaining in Peiping.

Lt. Col. Albara, commander of the Japanese Legation Guards at Peiping, May 27, sent an emissary to General Ho Ying-chin on the night of May 26, who handed to him a note, in which the Japanese commander asked the evacuation of Chinese soldiers from that quarter in Peiping in which the Japanese subjects reside in great number in order to avoid clashes with the Japanese soldiers on patrol duty.

The Peiping Branch Military Council have ordered the local military authorities to afford special protection to foreign residents and diplomats in Peiping during the present crisis.

Reiterating that the objective is solely to ensure peace and security on the Manchukuo border along the Great Wall and that there is no intention on the part of the Japanese to take either Peiping or Tientsin, the Japanese War Office issued a communique early this week stating that truce negotiations between the Chinese and Japanese armies in North China had been begun. Declaring Japan's readiness to negotiate with "any responsible Chinese who are sincere," the communique asserted that Japan is prepared for either peace or war. Consequently,

it says, the outcome of the negotiations depends entirely upon the attitude of the Chinese.

Wang Ching-wei, Sun Fo, and Dr. Lo Wen-kan, proceeded to Nanchang over the week end to consult General Chiang Kai-shek, on the situation in North China. Wang Shih-chieh, newly appointed minister of education, Admiral Chen Shao-kwan, minister of navy. Tseng Chung-min, vice-minister of railways, and others, were also in the party.

In an interview May 27 Wang Ching-wei, President of the Executive Yuan, insisted that in dealing with the situation in North China, the Government is still adhering to its considered policy of resistance coupled with diplomatic negotiation. President Wang emphasized that there had been no departure from the fundamental principle of non-impairment of national rights and national honor, and that peace negotiations could be carried on in accordance with this principle.

General Sung Cheh-yuan, commander of the 29th army, returned from the Tungchow front May 25 and called on General Ho Ying-ching, the acting chairman of the Peiping Branch Military Council, to make a report on the situation there. With the exception of General Wan Fu-lin and General Ho Chu-kuo, all the important Chinese commanders are in Peiping.

General Tang Yu-lin, former Chairman of the Jehol Provincial Government, whose arrest was ordered, but who later was pardoned by the Chinese Government, has formally surrendered to the Manchukuo Government, according to military reports reaching Peiping.

Several outbreaks staged by subversive elements in Tientsin and Tangku were suppressed by the Peace Preservation Units and the 1st Army Corps under General Yu Hsueh-chung on the night of May 27.

The London *Times* May 26 stated that the occupation of Peiping would have been a most embarrassing success for the Japanese, but the truce may well have saved the Chinese Central government from complete disaster.

Trade Affected By North Chinese Situation

The military situation in North China has seriously affected trade in both Tientsin and Shanghai. Ever since the war spread to west of the Luan River, business at Tientsin has been at a complete standstill, even the usual export of grains and sea-products having been practically stopped. At the same time Shanghai has received no orders from the North for cotton, paper and other products. In ordinary times, flour constitutes the major Shanghai export to Tientsin, but now only ten to twenty per cent of the usual amount is being exported there.

Canton Is Warned

Serious charges against the South-Western Authorities were made by the Nanking Special City Party Headquarters in a "warning" issued to the various C.E.C. members at Canton, including Tang Shao-yi, Hsiao Fa-cheng, Teng Tse-ju and Generals Chen Chi-tang and Li Tsung-jen. The telegram openly accused the South-Western Authorities of attempting to overthrow the Central Government and to disrupt the unity both of the Party and of the nation.

Large Exodus of Students from Peiping

Although the situation in Peiping has eased considerably, the exodus of students continued last week. It is estimated that more than 3,000 students left Peiping on one day. A great many teachers have also left. The North-eastern University, which has been carrying on its work in Peiping since the Mukden outbreak of September 18, 1931, was removed to Taiyuan, May 23.

One hundred and fifty students of the Peiping Police Institute who arrived in Nanking May 26 from the North to petition for removal of the school to Nanking were told to return to Peiping to continue their studies. Their request was bluntly rejected.

Reports from Tientsin state that the Tientsin Chamber of Commerce has made investigations which reveal that there are now 24,000 refugees in and around Tientsin. Many of them are living in the open and are in a pitiable state. Peiping still has many thousands of refugees within its walls in addition to the suburbs being full of them. Most of them have come from war areas to the east and north of the city.

Japanese Search Anti-Japanese Organizations in Peiping

Japanese troops searched the East City of Peiping for anti-Japanese elements which, according to a statement made by the Japanese Legation, could not be construed as a hostile movement against the Chinese forces. The Japanese Legation sent a Note to the Chinese authorities informing the latter of the search. They declared that these troops would not adopt any hostile action against the Chinese forces in the East City of Peiping, but if the Chinese troops should assume a provocative attitude, the Japanese troops would not hesitate to resist.

No Labor Strike Contemplated

Interviewed regarding Mayor Wu Teh-chen's statement that the workers in Shanghai were planning a general strike as a protest against the suspension of warfare in North China, a spokesman of the Shanghai General Labor Union declared May 26 that no such action had ever been contemplated by the Labor Union He declared that the nation could not afford to have further internal troubles and the workers in Shanghai could not be induced, by any reactionary factions, to adopt such a suicidal policy.

Japan Protests Strongly Against New Chinese Tariff

The Japanese Government May 30 lodged a strong protest with the Chinese Government against the "prohibitive" tariff enforced by China agaist Japanese goods. The protest enumerates the following points:—China's new tariff, which is prohibitively high, has been unilaterally adopted by China against the agreement entered into between China and Japan in 1929, when China was given tariff autonomy at the instance of Japan, China's anti-dumping tariff not only contravenes the most-favored-nation clause for Japan, but infringes Japan's treaty rights. The protest includes a claim that a "perfect" understanding exists between T. V. Soong, the Chinese Minister of Finance, and Mr. Ariyoshi, the Japanese Minister, that China shall not raise the tariff on Japanese goods suddenly.

Recent statements made by M. Okazaki, assistant commissioner of the Japanese Commercial Counsellor's Office in Shanghai were to the effect that articles imported from other foreign countries than Japan were treated substantially fairly, with increases here and decreases there, but virtually every product imported from Japan was made subject to increases ranging from 100 to 400 per cent.

Shanghai Chamber Urges Government to Stand Firm

In telegrams to the Executive Yuan and the Ministry of Finance, the Greater Shanghai Chamber of Commerce on May 30 expressed its hearty support of the Government's action in enforcing the new import tariff. The Chamber points out that as China now enjoys complete tariff autonomy, it is within her right to revise the import duties in any way she may deem fit. It urges that the Government refuse to entertain any representations or interference from the Japanese.

Customs Regulations Await Return of T. V. Soong

According to information from financial circles in Shanghai the drafting of the Customs Regulations by the Customs Administration, Customs Inspectorate-General and the Tariff Committee has already been completed and it is now under careful discussion by the authorities concerned. The regulations will first be submitted to T. V. Soong before being brought up before the Central Political Council and the Legislative Yuan. As Mr. Soong is not in China, the date for the actual enforcement of the regulations has been postponed for the present.

Korea to Raise Import Duties

Chinese press reports in Nanking May 29 state that the Korean authorities intend to raise the import duties on Chinese fabrics of jute, hemp, flax, ramie and other textile fibres by thirty or forty per cent as a reprisal against the recent increases in the Chinese tariff.

A Changchun message May 27 stated that the tariff revision committee is expected to meet shortly to approve of the draft of the revised tariff which has been completed. It is understood that the new tariff will become effective some time in July.

Hunan Becomes Involved in Kweichow War

Hunan troops have now become involved the civil war in Kweichow. General Cheh Min-yi, an anti-Warg Chia-lieh general, last week led the Hunan troops in an attack on Ankiang while Yu Kuo-tsai is leading the Yunnan troops in an attack on Anshun.

The New Challenge of Canton

BY W. B.

EVERY major revolt or revolution, for either weal or woe, in China's modern history has had its inception in Canton. Now Canton is again hurling the challenge of a new independence movement at the rest of China, but whether or not a formal declaration of independence will be soon issued is not yet certain. In any event, the crisis should come soon.

Canton, of course, has been virtually independent of Nanking's authority ever since early in 1931 when Hu Han-min, Sun Fo, and others dissociated themselves from the Nanking regime with a demand for the resignation of Chiang Kai-shek. The peace conference in Shanghai subsequently in the same year—after Japan's invasion of Manchuria—did not, as has been obvious, heal the Nanking-Canton breach, but for a time there was a semblance of unity. At no time, however, has Nanking been able to enforce an order in Canton,—which, in the final analysis, is the test of sovereignty. Recently even the superficial appearance of unity has been becoming badly rent, and about the only official connection now between this area and the so-called "Central Government" in Nanking is that the latter is in charge of the posts and customs. All the customs surplus, of course, over the amount earmarked for debts is being promptly remitted to the Cantonese authorities by Nanking; otherwise Canton would have declared its independence long ago. The sum remitted is said to amount to about $300,000 monthly, which is probably somewhat more than the customs surplus for the section in the present state of trade.

Canton Leaders Are Defiant

Especially significant today is the fact that the Cantonese leaders cheerfully admit that they are contemplating issuing a formal declaration of independence with the claim that they are the true representatives of the principles of Dr. Sun Yat-sen, that the Nanking Government is illegal, and that Chiang Kai-shek (who is the Nanking Government, according to the Canton viewpoint) has surrendered to the Japanese. Further, if Nanking and Tokyo reach any agreement relative to Manchuria, it will be denounced as illegal and not binding upon China.

Also significant of Canton's temper, is the rather hectic activity of various politicians who are travelling almost daily to and from Canton to Hongkong to discuss the situation with Hu Han-min, or to Foochow to discuss the situation with the 19th Route Army leadership there, or (by proxy) to Shanghai to discuss the situation with Sun Fo and possibly others now in Nanking's fold. And, it is admitted, negotiations are being conducted with Marshal Feng Yu-hsiang, Marshal Yen Hsi-shan, and General Han Fu-chu, governor of Shantung.

Feng's adherence to any independence movement Canton may initiate is said to be already assured; the chief question that arises is whether he could be of any real assistance. Certainly he has no army of his own, but the Canton politicians profess to believe that many of his former subordinates—notably Soong Chih-yuan and Sun Tien-ying who are now fighting on the northern front—would rally to any banner he raised. The Canton clique also thinks, or at least hopes, that General Han would be glad to join in an effort to crush Nanking. And, it is further expected if independence is declared, that many now in the Nanking Government will throw in their lot with the South.

The recent arrival in Canton of Eugene Chen and Chen Ming-shu may also be regarded as an indication of impending developments. The former has already assumed an active role in the Southwest Political Council, working on long statements of policy, etc. He admittedly expects, or at least hopes, for a formal declaration of independence soon. Chen Ming-shu has so far not made public his attitude,—but he does not appear to be going to Shanghai to resume his connection with the Nanking Government. Chen Ming-shu, it will be recalled, was formerly a close ally of Chiang Kai-shek. With Chen Chi-tang, now governor of Kwangtung, Chen Ming-shu helped recover Canton from the communists in December, 1927. Later, Chen Ming-shu, as General Chiang's representative, was civil governor of Kwangtung, and he went to Nanking 1931 when the anti-Chiang coup took place in Canton. Subsequently he was a principal factor in arranging the Canton-Nanking truce, as result of which he became garrison commander of Shanghai and the 19th Route Army was sent there, presumably under his command. During the Sino-Japanese clash in Shanghai it was indicated, however, that the famous Army did not recognize Chen as its leader. At about this time, Chen was made minister of communications, but it was widely reported—apparently correctly—that he had split with General Chiang. At any rate, he resigned his post last year—after the scandal stirred up by the deal between the China Realty Company and the China Merchants' Steam Navigation Company—and left China for a tour aboard. He had scarcely been heard of since until his recent return to Canton where he was greeted like a comrade by the various Cantonese leaders and General Tsai Ting-kai, commander of the 19th Route Army.

General Chen Chi-tang, the governor and chief military commander in Kwangtung, is, naturally, the principal Cantonese leader. In the last analysis, what he says will be done,—although someone else will say it publicly, for General Chen is not a warlord of the old school and, therefore, he only obeys the orders of the Kuomintang through its duly constituted organs. But, of course, General Chen—who appears to be quite an astute politico-militarist—keeps his ear to the ground to tune in on such manifestions of public sentiment as may be broadcast and, consequently, developments will not depend merely on his whim.

Canton's verbal thunder is being, and will continue to be, turned lose by Eugene Chen and Hu Han-min. The latter, however—so he told me recently in Hongkong,—is not coming to Canton at any time in the near future because the climate of the British colony is better for his health. Which means, that Mr. Hu is not satisfied with the amount of authority that General Chen is willing to delegate to him. But between General Chen and General Chiang, there can be no doubt of Mr. Hu's preference, and he will gladly give his intellectual benediction to any independence movement launched by Canton.

When Hu Han-min Played a Different Role

It is interesting to recall that Mr. Hu also once played the role of ideologist to General Chiang Kai-shek. That was in 1927 when General Chiang split from the Wuhan Government and established the present government in Nanking with Mr. Hu as its first chairman. Eugene Chen was then the principal spokesman of the Wuhan Government. Now they are allies. Thus do Chinese politics roll on, and on, and on, *ad infinitum*.....

Mr. Hu,—who, it will be recalled, was arrested and detained for a long period by General Chiang in 1931 for being too critical of Nanking's policies, thus precipitating the Cantonese independence movement of that year—now charges his former chief with being a complete failure in everything from resisting the Japanese to suppressing the Reds.

"Canton," he said in a lengthy interview in Hongkong, "will declare its independence when Chiang's failure against both the Japanese and the Reds become fully manifest."

Subsequently, he compared the Red movement in Kiangsi and elsewhere to a chronic disease, treatment of which should not be neglected but which would not be immediately fatal, while the Japanese conquest "is like an acute convulsion which will be fatal to China if not treated immediately and effectively."

From these statements, as well as others from the same source and also from other sources, it is indicated that if Canton does formally declare its independence it will predicate its action primarily on Chiang Kai-shek's handling of the Sino-Japanese crisis.

At this very moment, according to a manifesto on May 20 of the Southwest Political Council, General Chiang is negotiating a truce with Japan on the basis of: (1)

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Recognition by the Nanking Government of the Manchukuo regime as *de facto*. (2) Guarantee of termination of the boycott. (3) Abolition of unilateral treaties by Japan in consideration of Chinese acceptance of the two foregoing conditions. (4) Military, political and financial help for General Chiang to eliminate all anti-Nanking political elements in the country.

"As there does not exist political machinery," said the S. P. C. manifesto, "enabling the Chinese people to effect (otherwise than by civil war) a change in government in Nanking in order to mark their opposition to the aforesaid terms, it devolves on the Southwest Political Council, as a duly constituted and nationally recognized political organ, first, to register the nation's opposition to the negotiations now in train between the agents of the Japanese General Staff and the Nanking Military Commission (General Chiang Kai-shek) or its emissaries whether or not the said negotiations are being conducted, at this stage, with the knowledge of the members of the Government of Nanking; and, secondly, to inform the League of Nations and the friendly Powers to which this communication is addressed that the Chinese people will refuse to recognize the validity of any agreement which the Government at Nanking may be coerced to conclude with the Japanese in violation of Chinese territorial sovereignty and administrative integrity in Manchuria and Jehol and in contradiction with the terms of the League of Nations' resolution relating to the Manchurian question as well as with the provisions of the Nine Power Treaty."

Other Cantonese sources also allege that the terms of impending peace in the north include neutralization of the area between the Great Wall and the Luan River. It is also charged that the newspapers in Nanking have already been "unofficially informed" to abstain from referring to Japan and Manchukuo respectively as "enemy" and "rebels."

Nanking's appointment of Huang Fu as chairman of the Peiping Political Committee has also aroused the ire of Canton. It is recalled that he negotiated a settlement of the Sino-Japanese Tsinan incident of 1928, and it is charged that he is pro-Japanese.

"It is significant," says the *Canton Daily Sun*, one of the organs of the Canton clique, "that General Huang has been known for his pro-Japanese attitude and that the rehabilitation committee includes as its members such prominent leaders of the Anfu Clique as Wang Yi-tang, notorious for pro-Japanese activity."

Canton Mistrusts Chiang Kai-shek

At the present, all Canton's thunderbolts at General Chiang are on the basis of his record in the Sino-Japanese crisis and, as I have said, if the southwest does declare its formal independence it will be largely on this issue. Further, if formal independence is declared, it will probably be immediately after the arrangement of any truce between Nanking and Tokyo on the northern front.

In regard to the Chinese Red Armies, Cantonese spokesmen profess themselves more belligerent than Nanking. According to Hu Han-min, General Chiang has never made any determined effort to rid China of the Reds. According to Mr. Hu, military campaigns must be combined with economic reform as outlined by the late Dr. Sun. Mr. Hu does not approve, however, of Dr. Hu Shih's land redistribution proposal. Nevertheless, where the Red Armies have redistributed the land, the redistribution should be allowed to remain unchanged, but with the government compensating the landlords, or their heirs and assigns. In this connection, Mr. Hu recalled that one of the reasons the White armies in Russia in the counter-revolutionary period were unable to defeat the Bolsheviks was because that whenever the Whites recaptured a district they immediately restored the land to the landlords. Thus the peasants invariably supported the Bolsheviks. Mr. Hu said he told General Chiang all this long ago, but no action accordingly was taken.

Not the economic plight of China, but Moscow was blamed by Mr. Hu for being responsible for the Red movement in Kiangsi and elsewhere. Wherefore, Mr. Hu was highly critical of Nanking for having resumed unconditional relations with the Soviet Union.

"We should have no relations with the Soviet Union," he said, "until Moscow gave its pledge that there would be no Communist propaganda in China. Along this line, it is instructive to note that the closest ally of the U.S.S.R. is Turkey, where there is no communist propaganda and not even a Communist Party. That is because Moscow has pledged itself to refrain from any inspiration or aid to communism on Turkish soil. China should demand a similar pledge before maintaining relations with Moscow."

Having thus outlined his solution of the Red situation, Mr. Hu indicated that it might be advisable for China to conclude an alliance with the Soviet Union provided it was on the same basis as the Soviet-Turkish alliance.

Besides appealing to the world to uphold right and justice against the Tokyo military machine, Mr. Hu advocated resistance to the limit of China's resources both by fighting the Japanese on the northern front and boycotting their goods. He said it was a mistake to assume China could not resist because of lack of a modern military machine. The Japanese nation, he knew from first hand (he is an alumnus of the Tokyo Law College), was fundamentally weak, and if China resisted sufficiently to keep the Japanese constantly fighting on a wide front long enough, and at the same time boycotted Japanese goods, Nippon would surely go bust.

So much for the ideology of the Canton clique as expressed by Hu Han-min. Meanwhile, the Southwestern Political Council has established a censorship of newspapers and telegrams and extensive trenches are being dug in northern Kwangtung in the vicinity of Shiukwan where four regiments of southern military forces are encamped while allegedly on their way northward to fight Japan. Such preparations do not necessarily mean a new civil war is brewing, but there are many indications that, regardless of a formal declaration of independence, a serious Canton-Nanking crisis is not far off.

Canton, May 22, 1933.

China's Unfavorable Trade Balance

According to customs reports, the total amount of exports from China during the period from January 1 to March 31 this year was $157,700,000, while the total amount of imports was $366,800,000, showing an excess of imports, over exports of $209,100,000.

Deplorable State of China's Railway Administration

A recent Nanking message stated that the Chinese railway administration is going from bad to worse. The degeneration was mainly due to the continued civil wars in the country and the detention of rolling-stock by military commanders in various provinces. According to the latest reports, the Chinese Railway Administration has already accumulated a foreign debt of not less than $116,000,000 and the different railways are continuing to lose money.

The most developed territory in China in railway construction is Manchuria, which place has now been occupied by the Japanese. Excluding the railways in Manchuria, China has only 7,700 miles of railways in the whole country. Even of this length, some of the lines are under foreign control.

Railway debts owed by the Government show a marked increase, instead of a decrease. In 1925, the Ministry of Communications promulgated a statement giving the standing debt of the Chinese Government Railways as $509,000,000. To-day the Railway Ministry finds the debt has increased to $1,353,000,000. It is said that the assets of the Chinese Government Railways are only worth $700,000,000 which would not be sufficient to meet their obligations.

Fukien Communist Youth Meets Summary Death

Lin Han-yuan, nephew of Lin Yutang, well-known Chinese writer in Shanghai, is reported to have been shot to death at Changchow (Fukien) on May 19 by the Changchow Military Authorities on charge of being a communist, according to a special telegram from Amoy published in the *Chen Pao* in Shanghai on May 20. According to the report, Lin was a youth of only 26 years and a native of Lungchi district, where he held the office as Director of Lungchi's People Education Bureau and an executive member of the Anti-Japanese Association. While he was visiting Chancghow on May 19, he was suddnly placed under arrest by the local military authorities, charged with being a communist and supplying arms and ammunition to the Communist bandits in Fukien. A court-martial was immediately held for his trial at which Lin was reported to have admitted both charges and as a result, was sentenced to death. He was arrested at 2 p. m. on May 19 and was shot at 4 p. m. on the same day.

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America, China and Japan as Reflected in the Mind of Dr. Nitobe

(By the Review's Tokyo Correspondent)

(Translations from various Japanese publications)

Since his return to Japan from one year's visit to the United States Dr. Nitobe expressed through publications the impressions of his recent trip to the United States. Out of his writings those which fall under the category of the head-line are gathered from among leading Tokyo periodicals as follows:

The Basic Causes of the Anti-Japanese Sentiment in America

(Kaizo—May number)

COMMENTING upon my sudden visit to the United States in April last year publications not only in America but also in Europe started a rumor that I had incurred grudge from some quarters at home and even sustained an injury, so much so that I had to go over to the United States as a refugee. This rumor was not floated at random, for it had its own foundation. Since 1922 I declined to accept some ten invitations for a speech from several public and private organizations here and abroad, and during that period my trips between Geneva and Tokyo were invariably done by way of the Indian Ocean instead of taking the route via America, which is far more convenient. This irregular way of movement must have impressed my American friends as something unnatural. To them I even clarified my intention not to set foot on the soil of the United States unless and until the anti-Japanese immigration law was changed. Such being the case those who are well informed of the circumstances will be sure to find my surprise visit this time something contradictory. Why then, did I venture such a contradiction?

Soon after the outbreak of the Manchurian incident there was held a meeting of the Institute of Pacific Relations in Shanghai. At that time no small number of those present held an idea that Japan's China policy was improper. Some, however, began to realize, upon being brought in contact with the actual mode of life of the Chinese residents in Shanghai, that Japan was not without justifiable reasons in resorting to such an action. Some viewed the situation as somewhat unnecessarily strong, theoretically, while others considered the Sino-Japanese controversies could not be settled without an accompaniment of military power.

According to my observation made at the time of my Shanghai sojourn, the foreigners' viewpoints as regards Japan's China policy were roughly classed under two categories, viz.. the criticisms accusing Japan, made among idealists; and the voices raised among pragmatists, in Japan's favor. These two kinds of criticisms can be said to represent the white men's viewpoints concerning Japan.

The anti-Japanese sentiment prevailing in the United States can roughly be traced to the following eleven causes:—

1. In view of the historical facts that upon the close of the War of Independence the U. S.-Chinese trade was started and that in the middle of the Nineteenth Century, at the opening of the sea-ports on the Pacific coast, it was greatly enhanced, the American interest in China is incomparably older than that in Japan. It was only in order to have good coaling places that she stimulated Japan's awakening from seclusion. This historical fact can be regarded as constituting a reason for America's being interested more in China than in Japan.

2. The American diplomacy is centered around what is called the Dollar Diplomacy. Naturally, she has the tendency of approaching the Chinese masses softly so that she may prevent giving unfavorable sentiment to the four hundred million prospective buyers of her manufactured products.

3. Generally speaking, people of the United States have admirably developed chivalrous spirit. By this I do not mean that the average Americans are benevolently minded, but, as is evidenced by the thriving social welfare enterprises and the well-to-do people's freely donating toward educational undertakings within the country, the fact remains intact that they are rich in philanthropic spirit. No wonder therefore that their innate chivalrous spirit is easily moved by the appearance of what is called "under-dog." Their sympathy with the Chinese is the product of this gallantry; they have a grudge against the Japanese simply out of compassion for the Chinese without taking the trouble to learn the true state of things. A great many of those harboring ill feeling against Japan can be said as coming under this category.

4. Taking advantage of this compassionate inclination of the Americans, the Chinese residing in the United States united to start positive anti-Japanese propaganda. Unlike the average Japanese the Chinese linguistic endowment is remarkable and besides the Chinese are in general far more hospitable than the Japanese. These inborn chracteristics of the Chinese have greatly helped them in their anti-Japanese campaign in alien lands, Indeed, their hospitable treatment and thoroughgoing tactics are beyond the reach of our imagination, By nature they are not too seriously concerned with facts, that is to say, they have the endowment of freedom from being fettered by facts of things. What they call the Tanaka Memorial can be cited by way of an example. In spite of its being a recognized false creation, they took it to the League of Nations to add to the material of their attack against Japan. So tactful is the anti-Japanese demonstration of the Chinese that even those Americans who are well informed of the true state of things are deprived of their power to resist the magic power of appeal.

5. One of the most influential means of inflaming the American sentiment of anti-Japanism, is throngh missionaries working in China. Of course I do not deny that even among them there is no meagre number of those of refined character and profound learning, but on an average they rank far below those stationed in Japan. Missionaries working in China may come up to no less than two thousand or even to four thousand as is generally believed; of this colossal number one-fourth or one-fifth yearly go home and propagate knowledge favorable to Chinese at the expense of the Japanese. It may be that they are afraid of losing their jobs should the American sympathy toward China be abated. Thus the missionaries on furlough create a great influence at home and poison the American thought. A certain responsible official in the Government circle of the United States once said to me, "Those missionaries say a lot of absurd things, but so long as people believe in them what they say can not be altogether ignored."

6. It is twelve years since the close of the European War. Needless to mention, the impressions of the war are still deeply engraved in the American minds, and public opinion, all of which is based on peace maintenance, is created and supported by those who have the evils of war still fresh in their memory. At my interview with President Hoover he spoke of nothing but the atrocity of war, which may be said as representing the whole American voices. Added to this, American women, whose overwhelming influence is second to none, are all united in the promotion of peace. They shudder at the mere talk of war, without taking the trouble to study the causes. Naturally, a sentimental pacific view reigns all over the country. No theory works in such an atmosphere.

7. Diametrically opposed to such movement of sentimantal pacifists there are no small number of those who stick fast to reason. Such a view is maintained mostly by learned men. The idealists, who adhere to the proper functioning of the international peace organizations, brand Japan as the violator of the world peace organs; they attack Japan as an aggressor intent on disturbing the order of the world. Students of international law direct their united attack toward Japan.

8. The United States may be under an advanced form of republican government, yet the insistence of the Government prevails strongest. In the Manchurian question this is especially the case, for Secretary Stimson's pronouncement was greatly influential. As an individual he may be a lovable gentleman rarely met with, but it is nevertheless a fact that he is a great stickler for law. I found him lacking in political brains. By trying to be unnecessarily faithful to the letters of pacts he sent to all countries including Japan a note smacking of a learned-man's writing rather than of a politician like himself and it even appeared that this practice of his proved detrimental rather than beneficial to his country. But, inasmuch as the note was issued just at the time the people fostered ill-feeling toward Japan, as has been stated above, what he declared then met with hearty support of the

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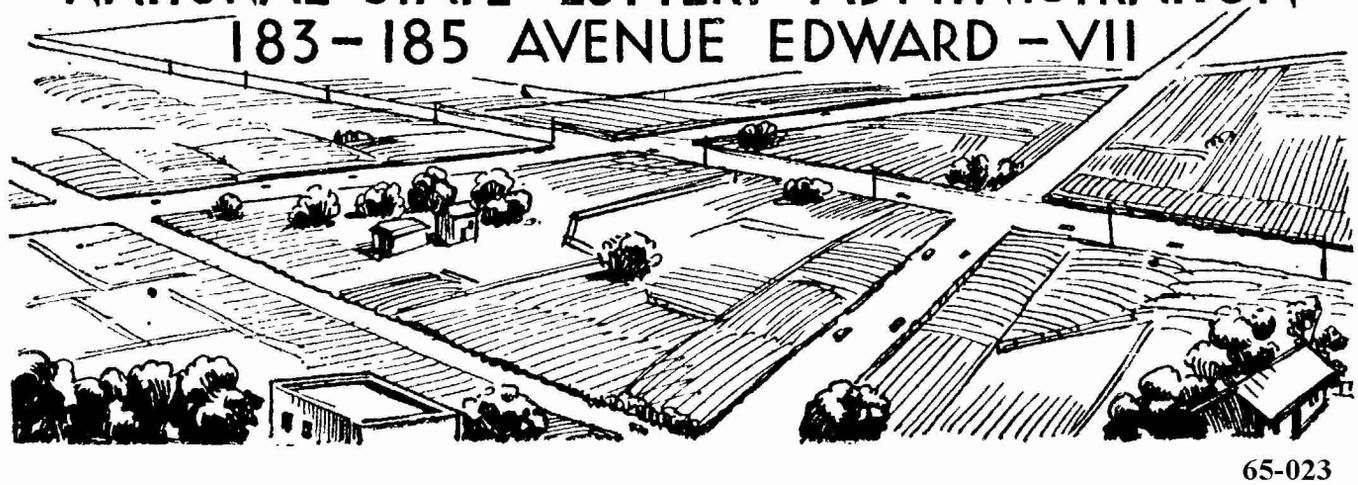

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people, although not without the existence of individuals and organizations showing disagreement.

9. The United States stands outside the League of Nations, and when she may set at naught the authority of the organization as regards affairs of her own, it seems she is inclined to positively support the decisions of the League in so far as questions outside the country are the concerned. Therefore, the strong attitude assumed by Japan in it has marred the American sentiment so inclined.

10. In my own view the steps taken by the United States toward Central American States are a copy of those resorted to by Japan in Manchuria. The fact that she took a large territory from Mexico and persecuted weak countries like Nicaragua, Haiti and Cuba, is gnawing into the conscience of the people day and night. If they were conscious of their innocence as regards their attitude taken toward these minor States, they would criticize the Manchurian question openminded, but as it is, their underlying motive is to secretly defend their past conduct and consequently to demonstrate that Japan's Manchurian policy greatly differs from their policy toward Central America, they have come to studiously raise criticisms unfavorable to Japan.

11. Secretary Stimson declared that, since the Peace Treaty and Nine Power Treaty were concluded at the instance of the United States, responsibility for their proper functioning lies upon her shoulders. But, finding some dubious stipulations in both of them and there being no preparation adequate for guaranteeing the effective exercise of the pacts, in his attempt at putting restraint upon Japan he had recourse to appealing to the public psychlogy instead of holding fast to vacant theory, with the result that the sentiment of the masses was stirred up.

For the foregoing reasons the American sentiment toward Japan went growing increasingly worse from the well educated upper class down to the ignorant masses. This trend of affairs was later aggravated since the outbreak of the Shanghai incident. According to a man who has an insight into American public opinion, had the action of Japan been confined to Manchuria the U.S.-Japanese relations might not have gone to such an extremity. It is even said that the confidence which Japan sultivated in the American mind has entirely been lost cince the Shanghai incident.

Key to the Solution of U.S.-Japanese Questions

(Hinode—June Number)

It is true that there prevails in America strong antipathy against Japan and the whole atomosphere is permeated with the air of uncertainty. What is to be held responsible for this national trend in America, is, among others, the Americans' sympathy toward the Chinese, as best expressed by their moto of "help the under-dog."

At the outbreak of the Manchurian incident the Chinese students in the United States established what was called a demonstration bureau and, mobilizing all who were good at speaking English, despatched them to all impo rtant places of the country like San Francisco and New York to conduct effective demonstration.

By nature the Chinese are best fit for propagandists. They make no discrimination between what is right and what is wrong and go on broadcasting all that they intend to disseminate.

During my Geneva days I remember once I heard the Chinese delegate assure that there was not a single petal of poppy flower on the Chinese soil, for all the opium product had been burnt out and no poppy cultivation was allowed. The women attendants clapped their hands in great excitement. His eloquent speech was followed by that of the delegate from Netherlands, stating that according to a report from a consul in China the statistics showed that in such-and-such a province the poppy plantations reached to such-and-such areas, and then started to read the data. Hereupon the Chinese representative laughingly denied the truth of the statement of the delegate, followed by the clapping of hands from the ladies' quarters.

Then, the British delegate stood up to say, "The report from our consul stationed in China states that the opium industry is thriving." Against this the Chinese side retorted with, "We have despatched investigators at many places but their reports confirmed that no poppy cultivation was undertaken." "How many of them were sent out?" the inquisitive Netherlands delegate butted in. "Seven in all," was the reply. The inquirer wonderingly asked, "In such a big country where there are not sufficient facilities of communication I wonder how so small a number of officials could make a thorough inquiry." Nothing daunted the Chinese delegate retorted, "The inquiry was enthusiastically conducted day and night." Once again the delegate from Netherlands asked. "When were they despatched?" "It was November" was the reply from the Chinese side. "November is the month when the harvest is over and no poppy is left standing in the field, isn't it?" The Chinese delegate could not but keep silence, while the ladies who had clapped their hands all burst out laughing. All the Chinese present joined them and laughed heartily. I was rather struck with the audacity on the part of the Chinese. Indeed, they are surprisingly bold; otherwise so thoroughgoing a demonstration all over the world could not have been done.

Following the outbreak of the Manchurian incident the Chinese living in America conducted propaganda in a similar way declaring. "Without any reason the Japanese troops encroached upon the Chinese territory." It is therefore but a natural order of things that the Americans have come to bear a grudge against the Japanese.

There are several factors contributing to the ill-feeling entertained by the Americans against us and unless every one of them is rooted out, there is no hope for a recovery of the cordial American-Japanese friendship. At any rate it is indeed a serious question for us that the people in America have sentiments unfavorable to our country. It seems to me the only way for us to follow in solving the question lies in our efforts to remove their false impression.

Fortunately, as the Americans are quite simple in nature and seldom do they purposefully entertain distorted views or behave peevishly, we are only to approach them straightforward and say, "What you say is wrong," and then advance to explain things as they actually stand. Without having the slightest doubt they will admit the truth of what we have told them. As such is the American character, I am confident no small number of people there have changed their minds upon listening to my lectures. It was not seldom that at the end of my lecture a few of the audience climbed up the rostrum to say, "I am fully well enlightened for the first time. As I have listened only to the contentions of the Chinese side, I thought the wrong lay on the side of the Japanese. I have just realized that Japan has her own reason."

At the time Secretary Stimson published his anti-Japanese statement I happened to find myself there and obtained permission to broadcast. Generally the time for one broadcasting is limited to 15 minutes, but I was permitted to speak for 26 minutes. What I wish to draw your attention is this. As the position of the Secretary of State corresponds to that of our Premier, an attempt to deliver a hostile speech against such a personage would be frustrated in our country. In America such is not an uncommon case. What a difference! Besides, I used to receive a number of letters stating, "I quite agree with you. It is China that is wrong." So frank are the Americans; they so quickly and lightly change their attitude when convinced of their being wrong.

Whether the wrong lies with them who, without listening to the true state of things, would not agree to the Japanese or with us, who do not take the trouble of giving them a chance to understand what the actual state of affairs is, deserves our serious attention.

Paul Linebarger "Explains" Failure of Second Wheat Loan to China

Paul Linebarger, whose letterhead states that he is egal advisor to the National Government of China with offices in Washington. D. C., has circulated in Shanghai copies of a report which he made May 1 to the State Council at Nanking, in the course of which he states that he was surprised to receive on Dec. 4 last from the Chinese Legation at Washington an unsigned notice that it had received advices from Nanking to the effect that he should stop his "propaganda" in connection with silver and wheat. He says he accordingly did so and incidentally he ascribes the failure of the second wheat loan to the fact that he, acting under instructions, had discontinued his efforts in that direction.

Two Ezra Brothers Indicted in San Francisco

The Federal Grand jury in San Francisco May 23 returned true bills against Isaac Ezra and his brother, Judah Ezra, charging violation of the Federal Narcotics Act. The state grand jury had previously indicted Judah Ezra. Both defendants were arraigned following the presentation of the indictments. Bail for Isaac Ezra was fixed at $20,000 and for Judah Ezra at $30,000.

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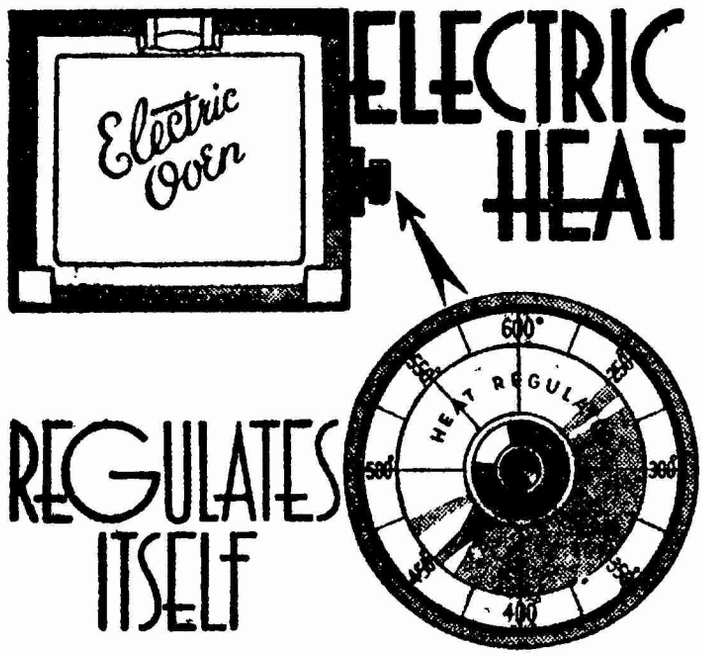

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Question of Jurisdiction Blocks Settlement of Factory Dispute

As a result of the several discussions between O. K. Yui and Stirling Fessenden on behalf of the Chinese and the Settlement Authorities respectively in connection with the dispute regarding the control of factories in the International Settltment, it is understood that some progress has been made for an amicable settlement of the controversy, but the chief stumbling block at present is the issue as to which authorities shall make the inspections.

On the Chinese side, it is insisted that these inspections should be made by inspectors from the Municipality of Greater Shanghai, while on the other hand, the S. M. C. maintains that factory inspections within the limits of the Settlement should be made by the S. M. C. inspectors. Because of these two divergent points of view in principle, a compromise satisfactory to both sides can not be reached.

The discussions which Messrs. Yui and Fessenden have had on several occasions, it is understood, are merely preliminary and informal in nature and that the negotiators have not yet got down to any definite basis of detailed discussion. Further, it is learned, matters seem to be so complicated that they can not be expected to be settled at any one or two particular conferences.

The S. M. C.'s attitude on the question, it is pointed out, has been and remains that the definite responsibility rests upon the Council to insure in the Settlement, so far as supervision may do, the safety of factory premises. If it proves possible to reach in conference an agreement with the Chinese Authorities as to the specific safety and health regulations, then all the remaining questions, aside from that of authority for the inspections, will be mere detail which can be easily overcome.

Fifth Wife of Late Marshal Chang Tso-lin Wins Bank Case

Judgment for $70,000, U.S. currency, with interest to the date of expiration of the fixed deposit receipts, was rendered in favor of Mrs. Chang Shou-i, one of the plaintiffs in the case of Wang Sung-yen and Chang Shou-i vs. the National City Bank of New York, which was heard on May 24, before Judge Milton D. Purdy in the U.S. Court for China, holding session in the American Consulate General in Tientsin.

The case was brought to obtain a court order for payment of fixed deposits where the deposit receipts and chops were lost, and the order of the court declares the lost deposit receipts null and void, thus protecting the National City Bank after it pays them.

One of the plaintiffs in the case was the fifth wife of the late Marshal Chang Tso-lin, and the other was her mother. These women had deposited in the National City Bank in Mukden three sums of money. Mrs. Wang deposited two sums of G.$25,000 each and regular fixed deposit receipts were issued in respect of each sum. Signature cards were chopped and a sample of the chop left with the Bank. Mrs. Wang deposited this money herself. G.$20,000 was deposited by Mrs. Chang Shu-i through her steward. It was brought out in the evidence that the receipts for the deposits were lost when the plaintiffs fled from Mukden during the Japanese invasion in September 1931.

A point to be noted in connection with this case is that the taking of jurisdiction by the U. S. Court for China covering a claim emanating in what is now "Manchukuo" territory is in line with America's declaration not to recognize the existing regime.

American Community in Shanghai Fittingly Observes Memorial Day

The American Community of Shanghai fittingly observed Memorial Day, May 30. A parade formed on the Race Course at 8.30 a.m. and proceeded to the Bubbling Well Cemetery via Bubbling Well Road. The column consisted of the 4th Regt. U. S. Marine Corps, 4th Regt. U. S. Marine Band, U. S. Sailors—1 platoon each from the U. S. S. *Tutuila* and U. S. S. *Monocacy*, American Company, S.V.C., American Troop, S.V.C., American Machine Gun Co. and Philippine Company, Boy Scouts of America, Community Church Troop, and Veterans in motor-cars.

Consul-General Edwin S. Cunningham officiated as master of ceremonies at the cemetery. Dr. R. T. Bryan delivered the address of the day. Following their annual custom, the American Women's Club decorated the graves of deceased American servicemen buried in Shanghai.

Complete Survey of the Communist Movement in China

BY T. A. BISSON

(Reprinted from a Bulletin of the U. S. Foreign Policy Association, New York.)

THE extent to which the Communist movement has become rooted in Chinese soil is again confirmed by the recent successes of the Communist armies operating in the provinces neighboring on Hankow.[1] Communism in China has passed through three clearly defined phases within a period of slightly over twelve years. Its tentative beginnings occurred between 1919 and 1924. Then followed a three-year period of collaboration with the Kuomintang—marked by a phenomenal growth of Communist influence—ending with the drastic suppression inaugurated by Chiang Kai-shek at Shanghai in April 1927. A third phase, characterized by the spread of agrarian revolt through inland China, has since assumed major importance.

A society for the study of Marxism formed in 1920 by Chen Tu-hsiu and Li Ta-chao, professors at the National University of Peking, constituted the first Communist nucleus in China.[2] It was an outgrowth not only of Chinese interest in the Bolshevik revolution but also of disillusionment in Western civilization. A vigorous student movement, originating in the colleges of Peking to prevent China's signature of the Versailles treaty, was heralding the rise of a new and more intransigeant Chinese nationalism. In this atmosphere, the Soviet government's manifesto to the Chinese nation on July 25, 1919, renouncing the various imperialistic rights and privileges in China which the victorious Allied powers still retained, attracted immediate attention. Connections were formed between the Third International and a number of Chinese intellectuals; and in May 1921 the Chinese Communist party was officially organized at Shanghai. For several years the party grew slowly, confining its attention to underground efforts among city workers and in student circles. By 1924, when Chinese Communists were admitted into the Kuomintang, the party had some 2,000 members.[3]

The second phase of Communist development in China, from 1924 to 1927, comprised the years of open association and alliance with the Kuomintang.[4] It was marked by a rapid growth of Communism, not only among the intellectuals and workers but also among the peasants. Throughout the south China and Yangtze valley areas, including the section where the Communist movement is now dominant, peasant unions were organized under Communist auspices on a large scale. Early in 1927, prior to the break between the Communists and the Kuomintang, the Communist party had an adult membership of 57,967 and a youth enrollment of 35,000; trade union workers under Communist influence were estimated at 2,800,000; and the membership of the peasant unions at 9,720,000.[4a]

With the inauguration of the Nanking régime's campaign of suppression in 1927, the Communist movement was again driven underground. The first two years of this third phase of Chinese Communism registered a sharp falling-off in party membership and influence. Beginning with 1929, however, the movement once more assumed larged and increasing power. It has reemerged as an indigenous agrarian revolution, centered chiefly in the interior areas of south and central China, with its own military forces, political institutions, and economic and social objectives.

The Communist Revival, 1927-1930

At the close of 1927, the Chinese Communist movement had reached a low ebb. In the cities, the militant unions had been crushed and the workers were being reorganized into unions closely regulated by the Nanking government. In the universities, from which Communists were banned, the radically inclined students kept under cover. In the rural areas, the peasant unions had been wiped out in a series of frightful massacres. Only in south-central China, where a few Communist leaders were operating with small bodies of troops, was Communism still openly active.[5]

Of these Communist military commanders, whose names have since become bywords in China, the earliest were Yeh Ting and Ho Lung. Leaders of the Nanchang insurrection in Chang Fa-kuei's "Ironsides" on August 1, 1927, Generals Yeh Ting and Ho Lung emerged in command of some 20,000 troops. Turning southward, this force overcame all opposition in its path. In September, however, it suffered a disastrous setback in the effort to take Swatow. The two commanders then separated, Ho Lung retraced his steps northward through Kiangsi into Hupeh, in the first of a series of long forced marches which has marked his activities. His operations have centered chiefly in western Hupeh, along the Hupeh-Hunan border, and in Honan and Anhwei. Yeh Ting, meanwhile, concentrated on Kwangtung, where he set up the first permanent soviet districts at Haifeng and Lufeng. He also participated in the workers' uprising that established the three-day Canton Commune (December 11-14, 1927).[6]

Two even more important Communist leaders—Chu Te and Mao Tse-tung—also began their independent military careers in the closing months of 1927. Chu and Mao had occupied high positions in the Kuomintang,[7] but with the spread of reaction had taken refuge in the mountain fastnesses of southern Kiangsi. Early in 1928 Peng Te-huai,[8] a revolting regimental commander from Hunan, joined Chu and Mao. In the spring of 1928 this trio set up the soviet districts of southern Kiangsi province—the major center of Communist power in China. In 1929 operations were shifted across the Kiangsi-Fukien border, resulting in the founding of the soviet régime of west Fukien.

No concerted offensive on a large scale was directed against the Communist forces during these early years. In 1928 Chiang Kai-shek's attention was centered upon the drive against Peking; in 1929-1930 the struggle for supremacy among the Kuomintang generals was at its height. This breathing-space afforded the small Communist armies the opportunity for rehabilitation and reorganization. Slowly they gathered strength. New recruits were added to their numbers, the territory under their control was extended, the confidence of the peasants was gained, supplies of arms and ammunition gradually accumulated. Constantly warring with provincial forces, they developed a fighting strategy uniquely suited to the mountainous area in which they operated. By 1930 they had completed their apprenticeship, and plans were laid to apply the lessons they had learned in a larger sphere. A partially coordinated northward offensive was launched, timed to coincide with Chiang Kai-shek's desperate struggle against the Yen-Feng coalition.

In the spring of 1930, Peng Te-huai moved northward into central Kiangsi and then turned westward into Hunan. Chu Te followed him, struck unsuccessfully at Nanchang, and then joined Peng in a concerted drive toward Changsha, the capital of Hunan. Ho Lung started moving at the same time, and in June captured Yochow, a port on the Yangtze river above Hankow. At Pinghsiang, on July 25, the combined forces of Chu and Peng defeated the Hunan provincial troops under General

1. Cf. *New York Times*, April 10 and 14, 1933.
2. V. K. Wellington Koo, *Memoranda presented to the Lytton Commission* (New York, Chinese Cultural Society, 1932), Vol. II, p. 726-728.
3. *Ibid.*, p. 734.
4. Cf. T. A. Bisson, "Ten Years of the Kuomintang: Revolution vs. Reaction," *Foreign Policy Reports*, Vol. VIII, No. 25, February 15, 1933, p. 293-297; also *Memorandum on Communism in China*—A, B, C (American Council, Institute of Pacific Relations), May 1932.
4a. *The Communist International*, Between the Fifth and Sixth World Congresses, 1924-28 (London, Communist Party of Great Britain, 1928), p. 445.
5. Sources for this early period of Communist development in inland China are meager. The account here given relies chiefly on the special issue of the *China Forum*, May 1932, entitled "Five Years of Kuomintang Reaction," p. 21-24, hereinafter cited as *China Forum*.
6. As an aftermath of this revolt, the Nanking government sealed Soviet consulates and closed Soviet business houses in its territory. Cf. G. E Sokolsky, *The Tinder Box of Asia* (New York, Doubleday Doran, 1932), p. 340-341.
7. Chu Te became associated with Sun Yat-sen in 1912. Following a period of study in Germany he returned to Canton, where he joined the Communist party During the northern expedition he acted as vice-commander of the Ninth Army. Mao Tse-tung studied in France, and later joined the Communist party in Shanghai. At Canton he was elected to the Central Executive Committee of the Kuomintang. Cf. *The Present Condition of China, Document A*, Appendix A-3, p. 12, note 1, hereinafter cited as the *Japanese White Book*.
8. Peng Te-huai was graduated from the Whampoa Military Academy.

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Ho Chien. Changsha was entered by the Communists on July 27.[9] Communist control of Changsha, however, lasted hardly a week. Attacked by American, British, Japanese and Italian gunboats, the Communist forces evacuated the city early in August.[10] Ho Chien's troops reoccupied Changsha a few days later, and purged the city with a drastic "white terror."[11]

Nanking's Anti-Communist Campaigns

With the recrudescence of the Communist movement in China, talk of intervention by the foreign powers was revived in 1930.[13] At the time, the Nanking government could not respond to this foreign pressure, owing to the struggle it was carrying on against the Yen-Feng coalition. Following the suppression of the northern revolt, however, the Central Executive Committee of the Kuomintang met at Nanking, November 12-18, 1930, to consider measures for the eradication of Communism. The conference passed resolutions calling for the complete extermination of the Communist armies and the re-occupation of the sovietized areas within three months.[14] A series of large-scale anti-Communist campaigns, which the Nanking régime has prosecuted continuously down to the present time, was thus inaugurated.[15]

The first campaign began early in December when Nanking dispatched six additional divisions to re-enforce the provincial units already in the field. The ingenuity and effectiveness of the strategy employed by the Communist military commanders were first revealed in this struggle. Effecting a strategic retreat from Kian, the Red armies drew the Fiftieth Division into the southern Kiangsi mountains and led it astray. In the same way, on December 31, the Eighteenth Division under General Chang Hui-tsan was permitted to enter Tungku. Overcome by the effects of its celebration of this easy victory, the division was defeated and disarmed by a rapid counter-attack of the Red forces carried out under cover of darkness. Dressed in the uniforms of this division and carrying its banners, the Communist force then sought out the strayed Fiftieth Division and virtually annihilated it before it had realized what was happening. These crushing blows, coming in rapid succession, demoralized the regular troops and led to their withdrawal.

In February 1931 General Ho Ying-ching, Minister of War, took charge of operations with a force of fifteen divisions totalling 150,000 men. This second campaign was a replica of the first on a larger scale. The separate Red armies dissipated the force of the government offensive in the mountainous terrain and then readily amassed for crushing attacks on isolated divisions. Near Tungku in May the government's Fifth Army was cut to pieces; two of its divisions lost much of their equipment and thousands of dead and wounded. The Nineteenth Route Army,[16] after reaching Chu Te's base at Ningtu, was

9. Red flags were at once raised, and the city was flooded with pamphlets and handbills denouncing capitalism and imperialism. Various labor unions, including railway employees' and seamen's unions, were organized. The city was divided into some thirty or forty wards under the control of workers' committees, heading up in a central municipal soviet. Heavy requisitions were levied upon the landlords, merchants, and wealthy shopkeepers. Cf. *China Weekly Review*, August 2, 1930, p. 323-325; August 9, 1930, p. 361-364; *China Forum*, cited, p. 21.

10. A significant editorial in the *China Weekly Review* (September 6, 1930, p. 2) declared that the foreign gunboats "in this particular case performed a good service for the Chinese Government by helping to drive the communists out of Changsha. Chief credit for this enterprise apparently belongs to Lieutenant-Commander Tisdale of the *Palos* who steamed back to Changsha, after evacuating the American residents, and who who gave the blood-thirsty, Russian-inspired hordes a dose of their own medicine. Undoubtedly it was Commander Tisdale's retaliation (followed by that of the Japanese, Italians and British) to the machine-gun fire of the communists that wounded six American sailors, that started the evacuation of the communists from Changsha with the eventual collapse of their Soviet Government which they had established in the city. In this instance the foreign gunboats were on the side of the Chinese Government in helping to re-establish order, something which the Chinese Government manifestly was unable to do; hence there has been no outcry on the part of the Chinese authorities at this most recent activity of foreign gunboats in China."

11. Daily executions of Communist suspects also took place during this period at Hankow, Nanchang and Kiukiang, where panic gripped the Kuomingtang officials. (Cf. *The Week in China*, August 6, 1930, p. 834.)

13. Cf. "The Foreign Powers in China," Foreign Policy Association *News Bulletin*, Vol. IX, No. 41, August 15, 1930.

14. Koo, *Memoranda presented to the Lytton Commission*, cited, Vol. II, p. 749.

15. For data on these campaigns, cf. *ibid.*, p. 749-750; *Japanese White Book*, cited, Appendix A-3, p. 4-5; *China Forum*, cited, p. 22; Yang Chien, *The Communist Situation in China* (Nanking, July, 1931), p. 7-8.

16. The same army that defended Shanghai against the Japanese attack in January-February 1932.

outflanked and thrown back with heavy losses. Having taken Nanfeng, Chu Te then moved rapidly eastward to the Fukien border, where he defeated the Fifty-sixth Division, capturing two regiments. By early June Nanking's offensive had culminated in a general *débâcle* from which its remaining forces were extricated with difficulty.[16a]

In the middle of June 1931 Chiang Kai-shek himself went to Nanchang, where he assumed personal direction of a third anti-Communist campaign, for which a vast force of 300,000 troops was mobilized. Thousands of laborers were pressed into service for the transport of supplies and munitions. On July 9 three separate columns advanced into southern Kiangsi in a concerted drive. A large section of the soviet areas was overrun and devastated. Ningtu was captured on July 19, and Tungku was entered on July 25. In August however, the Red armies counter-attacked in force and recaptured both cities, inflicting severe defeats on two government divisions. The campaign culminated in a fierce struggle, on September 7-9, between the Communist forces and the Nineteenth Route Army. Both sides suffered heavily, and the result was apparently a drawn battle. As its aftermath, however, the government forces effected a general withdrawal, due in part to the initiation of Japanese activities in Manchuria.

During the winter of 1931-1932, the Communist movement extended its influence both north and south of the Yangtze river.[17] A fourth Red suppression campaign, directed by Chiang Kai-shek, was prosecuted in the summer and autumn of 1932. Fifteen divisions, fully equipped with French light machine guns, German automatic rifles, and foreign airplane pilots, were thrown against the soviet centers in Honan, Anhwei, and Hupeh. Large areas of these provinces were regained from the Communists. Part of the Red forces withdrew into the mountainous districts. The bulk of them, however, apparently retreated into Shensi province, where they threated to capture Sianfu in November 1932.[18] This army—estimated to number 60,000, men—turned southward and entered Szechuen early in 1933. A considerable section of northeast Szechuen province is now under Communist control.[19] Latest reports indicate sweeping Communist successes in Hunan, Hupeh and Anhwei provinces which have largely nullified the results of Nanking's campaigns in 1932.[20]

A number of factors accounted for the ability of the Communist forces, despite their inferiority in numbers and equipment,[21] to withstand the well-organized Kuomintang attacks. Of primary importance was the unstinting support of the peasant masses in the soviet areas. The peasantry not only comprised the rank and file of the Red armies,[22] but also constituted an intelligence and propaganda corps. Reports of the local population enabled the Communist military staff to secure prompt and accurate information of the movements of government troops. Similarly, steady propaganda carried on by the peasants among the troops occupying villages in soviet areas was chiefly responsible for desertions from the government armies. In addition to the benefits derived from the support of the local population, the Red armies had developed a fighting strategy that took every advantage of their thorough familiarity with the mountainous terrain in which they operated.[23] Finally, they were upheld by an enthusiasm and fighting morale conspicuously absent in the forces to which they were opposed.[24]

Administration of the Soviet Areas

The area under Chinese Communist control expands and contracts in accordance with the exigencies of the military struggle continually in progress, and consequently cannot be delimited with absolute accuracy. The permanent center of soviet administration is in southeastern Kiangsi and western Fukien, where more than 40 contiguous *hsien*[25] have been for some years under the direct control of Communist authorities.[46] Each village, town and *hsien* in this region has its own soviet congress and executive committee. Two organs of provincial government were early established in this section—the All-Kiangsi Soviet government at Tungku, and the West Fukien Soviet government at Lungyen. On November 7, 1931, in commemoration of the Bolshevik revolution in Russia, a super-government for all the soviet areas of China—the Provisional Government of the Chinese Soviet Republic—was set up at Juichin in Kiangsi, with Mao Tse-tung as President.[27] Only the territories under these governments may properly be termed the "soviet areas" of China.

Nevertheless, extensive additional areas in Hunan, Hupeh, Anhwei and Honan, especially along the border areas of these provinces, totalling approximately 125 *hsien*, have been more or less continuously under Communist administration for several years. With the formation of the central government in November 1931, an attempt was made to regularize the administration of these additional territories by creating four more regional governments. These covered the regions of northeast Kiangsi, of the Honan-Hupeh-Anhwei border districts, of the Hunan-Hupeh-Kiangsi border districts, and of the Hunan-Hupeh border districts.[28] In the spring of 1932, soviet control probably embraced one-sixth of the area of China proper, with a population of 90,000,000.[29] A more conservative estimate would suggest possibly 50,000,000 people normally living under Chinese Communist administrations.[30]

The Communist institutions of government established in Kiangsi and Fukien are closely modeled on those of the Soviet Union. Village, town and district congresses, chosen by peasants, soldiers and workers, send representatives to a National Congress.[31] Under this Congress is set up a series of central government commissariats, which put into effect the policies drafted by the Communist party.[32] Local gentry and the propertied classes are excluded from the franchise, which is exercised by all peasants, soldiers and workers over sixteen regardless of sex or nationality.[33]

In extending these Chinese soviet institutions into new areas the Communist armies play the chief rôle. Each army is provided with a political bureau, equal

16a. During the heavy fighting in the last two weeks of May, the Red armies were reported to have captured more than 20,000 rifles, about 80 machine guns, some trench mortars and artillery, and large quantities of supplies. In addition, numerous units of the government troops, estimated at 20,000 men, had deserted and been incorporated into the Communist armies.

17. It would seem, on a conservative estimate, that 120,000 to 150,000 soldiers were enrolled at this time in the various Red armies. In December 1931, Communist forces were operating within a few miles of Hankow, and early in 1932 Nanking itself was threatened by a Communist drive through Anhwei province. To the south, in the spring of 1932, a determined eastward advance through Fukien province led very nearly to the capture of Amoy by Red forces. The fall of the city was primarily averted by reason of the foreign gunboats massed in the harbor at Amoy.

18. *Daily Worker*, January 25, 1933.

19. *New York Times*, March 12, 1933.

20. *Ibid*, April 10, 1933.

21. In this respect, the position of the Red armies is steadily improving. As early as May 1931 they possessed 768 machine guns, 29 cannons and 74 trench mortars. Koo, *Memoranda presented to the Lytton Commission*, cited, Vol. II, p. 790.

22. In view of the ordinary description of the Communist forces as "bandits," it should be noted that the actual percentage composition of the Red armies has been estimated as follows: peasants, 57.5; rebel soldiers, 28; workers, 5.75; bandits 8.75. (*Japanese White Book*, cited, Appendix A-3, p. 16.) In any case, bandits in China are normally farmers unable to support themselves.

23. A manual of military tactics employed in the soviet officers' training school in southern Kiangsi enumerates the following six points of Chinese Communist strategy: (1) Lead the government forces to sovietized areas, or to regions of thick forests or rugged mountains, and attack them from ambush; (2) Mislead the government forces, then turn back and swoop down on their flank or rear; (3) When the government forces are concentrated, avoid them by dispersing; when they are weak or in an inferior position, converge the attacks upon them or surround them; (4) Utilize the population of the sovietized districts to harass and frighten the government forces (for example, by planting red flags on the hills which surround them, by increasing the sound of trumpets, or by making bugle calls from various sides) or employ the peasants as advance guards to meet the government forces and then attack with the main body of the Red Army when the enemy is tired or on the point of exhausting his munitions; (5) Do not attack permanent defense works, do not deliver yourselves up to arranged battles, avoid fighting in areas where the population is not yet sovietized; (6) Undermine the morale of the government forces by propaganda agents, farmers, workers, and women. Cf. Koo, *Memoranda presented to the Lytton Commission*, cited, Vol. II, p. 761; also Yang Chien, *The Communist Situation in China*, cited, p. 7-8.

24. The Kuomintang troops were mercenaries, fighting without hope or purpose. For months at a time, moreover, their scanty pay was liable to be withheld and pocketed by the higher officers. An index of this situation is the extent of desertions from the government units opposing the Communists. These units jocularly referred to themselves as "ammunition transports for the Reds." Cf. *China Forum*, cited, p. 22.

25. Districts or counties.

26. *China Forum*, cited, p. 23.

27. *Japanese White Book*, cited, Appendix A-3, p. 18; Koo, *Memoranda presented to the Lytton Commission*, cited, Vol. II, p. 771-772.

28. *China Forum*, cited, u. 33; Koo, *Memoranda presented to the Lytton Commission*, cited, Vol. II, p. 772.

29. Sokolsky, *The Tinder Box of Asia*, cited, p. 341.

30. *China Forum*, cited, p. 28.

31. *Ibid.*, p. 24.

32. Koo, *Memoranda presented to the Lytton Commission*, cited, Vol. II, p. 765.

33. *Ibid.*, p. 764; *China Forum*, cited, p. 24.

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End of Spring Term	Friday, June 9, 1933
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Opening of Autumn Term	Monday, October 2, 1933
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in position and authority to the military staff.[34] This bureau exercises a double function. On the one hand, it imparts political instruction and Communist training to the soldiers; on the other, it takes charge of propaganda and administrative work in the newly-occupied territories. In this latter work, a regular procedure is followed. Local Kuomintang officials are killed or expelled, and the local gentry (landlords, merchants, money-lenders) are terrorized. Communist slogans and propaganda are broadcast by posters, handbills, and pamphlets. A committee of peasants, soldiers and workers is formed, a series of agrarian reforms are instituted, trade unions and associations are organized. These initial phases of soviet organization are supervised by the political bureau of the army. When military control over the occupied area has been consolidated, the local soviet congress is linked up with the central organs of soviet government, which henceforth replace the authority of the army's political bureau.

The agrarian reforms instituted by the Communist régime form the crux of its economic program and the basis upon which its political power is consolidated. These reforms can be appreciated only in the light of the burdens previously resting upon the Chinese peasantry.[35] In Kiangsi, for example, approximately 80 per cent of the land was concentrated in the hands of less than 30 per cent of the population.[36] Tenant-farmers struggled under rentals and interest absorbing from 50 to 80 per cent of their produce. Small farm-owners were weighed down with interest payments on usurious loans that made them virtually slaves to the money-lenders.[37] Crushing taxes imposed by the militarists, often collected for years in advance, were shifted from the gentry to the peasantry. Farm laborers, small handicraftsmen, and apprentices were similarly exploited.

Where the local soviets have been established, this system of exploitation has been largely swept away. Landlords, money-lenders, and the tax officials of the Kuomintang or of the local militarists have been eliminated. The lands and property of big proprietors have been confiscated and redistributed among the peasants and soldiers.[38] Public lands, ancestral temple estates, and lands belonging to monasteries have been made government property. Outstanding debts have been canceled, and all high interest-bearing notes have been voided. The complicated tax system of the old régime has been abolished. In its place, a progressive land tax has been introduced, resting most heavily on the well-to-do peasants. More recently, this has been supplemented by a progressive business tax, with the greater burden placed on the richer merchants and the lesser on the small traders.

A banking system, which has been steadily expanding the scope of its operations, has also been established. Two central banks are located at Lungyen and Tungku.[39] Bills issued by these central institutions, bearing the portraits of Lenin and Marx, have been widely distributed in China. In addition, a number of local farmers' banks and cooperative credit societies have been set up for the extension of credit to the peasants on easy terms.[39a]

34. *Japanese White Book*, cited, Appendix A-3, p. 9.
35. Cf *China Forum*, cited, p. 6-8.
36. *Ibid*, p. 24.
37. The Executive Yuan at Nanking recently promulgated a law making it illegal to charge more than 20 per cent interest a year. Commenting on this law, the *New York Times* dispatch (March 19, 1933) stated that even the Chinese-language press doubted whether the government would be able to enforce it. The dispatch also states: "Interest rates in China have continued scandalously high . . . The poorer classes are unmercifully oppressed by usurers and pawnshops, and are usually charged from 10 to 12 per cent per month for short-term loans The same form of extortion has been practiced against the peasants for many centuries, and in many parts of the country the men who actually till the soil are really wage slaves to the land owner."
38. Cf. Koo, *Memoranda presented to the Lytton Commission*, cited, Vol II, p. 766-768; *Japanese White Book*, cited, Appendix A-3, p. 18-21; *China Forum*, cited, p. 24; Yang Chien, *The Communist Situation in China*, cited, p. 4-6. The land register, title-deeds, and leases are burned, and the former boundary marks removed. The local soviets then re-divide the land among the poorest peasants without distinction of sex. Children under sixteen years of age, the aged, and the invalid have no claim to land, but the family which takes care of them can claim a portion of the land corresponding to their needs. The local soviets provide for the cultivation of the land assigned to the families of the soldiers in the Red armies.
39. *Japanese White Book*, cited, Appendix A-3, p. 20, footnote 3; Koo, *Memoranda presented to the Lytton Commission*, cited, p. 766. Cash reserves of these banks were estimated at $12,000,000 as early as November 1931.
39a. In the summer of 1932, a $600,000 bond issue, divided into units of 30 and 50 cents, $1 and $5, was floated by the Provisional Government of the Chinese Soviet Republic within two weeks' time. These bonds, some of which found their way into the hands of factory workers in Shanghai, bear 10 per cent annual interest and mature in six months. (Cf. *New York Times*, October 23, 1932.)

Certain additional reforms also deserve enumeration.[40] In soviet-controlled enterprises, such as printing shops, small arsenals, tobacco factories and mines, the eight-hour working day is enforced. Operatives under eighteen years of age work only six hours, in contrast to the former twelve, fourteen, and even sixteen hour days. apprentices—formerly unpaid—are given small monthly wages. The wages of all laborers, industrial and agricultural, have been raised. An increasing measure of control exerted over the marketing and exchange of commodities has been reflected in reduced prices of primary foodstuffs, such as salt, rice and meat, in soviet districts.[41] The soviet régime has also prohibited the cultivation of poppies—a burden previously forced on the peasants by the militarists, who made huge profits from the opium traffic.[42] Revenues derived from government lands have been utilized in some cases for public works, such as irrigation and flood-prevention enterprises, and for unemployment relief; in two instances—at Liuyang and Pingkiang in Hunan province—attempts to institute collective farms have been reported.[43] Finally, small beginnings have been made toward the establishment of a system of mass education.[44]

The general emphasis of this program is eminently practical, aiming at the elimination of the most glaring abuses and disparities of the old system. Its immediate effects have undoubtedly been to create a more widely distributed set of vested interests for whose protection the beneficiaries will fight fiercely. The Chinese Communist leaders, however, have retained control of certain key positions within the economic structure, such as government lands, marketing supervision, cooperative trading and credit societies, and banks, which may be utilized to extend the development of a socialized economy.

Communism in the Nanking Areas

Within the areas ruled by the Kuomintang, there exists an underground Communist activity of considerable proportions. A large number of the Chinese students are at least sympathetic toward Communism. Chinese intellectuals, particularly in the literary and artistic fields, have also been deeply influenced by the Communist ideology. The city workers in Canton, Hankow and Shanghai, while seemingly little influenced by present-day Communist organizers, undoubtedly retain memories of the revolutionary upheavals six years ago. The links between this under-ground movement in the Nanking areas and the openly pursued activities of the inland soviets, though they exist, are not as yet closely forged. In theory, the Central Executive Committee of the Communist party, meeting usually at Shanghai, is the governing organ for the entire movement. In practice, however, owing to the difficulties of communication, this committee maintains a very loose relationship with the agrarian movement of the interior.[45] The weight of evidence would seem to indicate that the inland soviet régimes operate almost entirely on their own responsibility, directed neither by Shanghai nor Moscow.

The sword of Damocles hangs over all Communist agents operating in areas under Nanking's jurisdiction. Communism is banned by the Kuomintang, and the law exacts the death penalty for those adhering to its tenets. Attempts on the part of Chinese students, intellectuals and workers to organize for Communist objectives have therefore been met by a savage repression. No accurate estimate of the Chinese victims of the Kuomintang "white terror" can be made. It would undoubtedly run into the hundreds of thousands,[46] especially if the wholesale massacres of 1927 in the city and country districts are added to the continuous toll of Communists and Communist suspects taken by the Nanking government during the past five years. Certain of the more spectacular cases of this nature have attained world-wide publicity and become the subject of international protest.

Conclusion

Wide divergence of opinion exists among qualified observers regarding the extent to which the Chinese Communist movement constitutes genuine Communism and regarding the movement's future prospects. The majority of Western observers are inclined to minimize its significance, contending that it represents little more than a desperate peasant revolt against unbearable economic conditions.[47] Agrarian revolts have always arisen during epochs of social upheaval in China, these observers contend, and it is inconceivable that the present revolt can remold China's social and economic institutions along Communist lines.[48] A few Western writers take the opposite view. They argue that China is ripe for a change—its masses hungry and distressed, its intellectuals dis-illusioned, its youth humiliated. For the achievement of such a revolutionary change, they feel that the Chinese Communist party is the most effective agent. Success is not ruled out in advance, since "it is possible to believe that a large section of the army will go over if the Communists win a decisive victory."[49]

In Russian Communist circles, there seems to be general agreement that the Chinese Communist movement must take on a more proletarian character before it can be successful. The stabilization of an agrarian dictatorship is unthinkable in Communist terms. Redistribution of the land, without a proletarian dictatorship to enforce collectivization, would merely lay the basis for the development, in the process of time, of new class differentiations. Such a redistribution of land, if effective only in the interior of China, would actually tend to strengthen Chinese capitalism by eliminating some of its more glaring abuses, such as absentee landlordism. When the port areas had reasserted their supremacy, as they would be certain to do in the long run, the capitalist base would thus have been broadened and consolidated.[49a]

This contention is upheld particularly by the Left Opposition, headed by Leon Trotsky, which warns against a too facile belief in the prospects of the inland Chinese soviets. Trotsky writes that at present "there are substantial bases for expressing the hope that—under a correct policy—it will be possible to fuse the workers, and the urban movement in general, with the peasant war; and this would constitute the beginning of the third Chinese revolution. But meanwhile this still remains only a hope and not a certainty."[50] Admitting that the "peasant movement is a mighty revolutionary factor, in so far as it is directed against the large farm owners, militarists, serfdom, and usurers," he warns that "in the peasant movement itself are very powerful proprietary and reactionary tendencies, and at a given stage it can become hostile to the workers, and sustain that hostility already equipped with arms."[51] For these reasons, Trotsky contends that the future of the Chinese Communist movement depends upon the strengthening and consolidating of Communist influence over the Chinese proletariat, which can alone lead the movement to success.

The policy of the Third International, on the contrary, places greater reliance on the revolutionary potentialities of the Chinese peasantry, and therefore takes a somewhat more optimistic view of the prospects of the Communist movement in China. It aims first to accomplish the basic objectives of the peasant revolt—confiscation of land from the landlords, confiscation of monastery and temple properties, abolition of hunger rents, destruction of the Kuomintang taxation system, overthrow of

40. Cf. *China Forum*, cited, p. 24.
41. For detailed figures showing the contrast with prices in the Kuomingtang areas, cf. *ibid.*, p. 24.
42. A dispatch from Hallet Abend (*New York Times*, July 17, 1932) on this subject reads in part as follows: "The chief objection to this scheme [that Nanking should legalize and tax opium] is that in all Communist-controlled districts the cultivation of poppies and the use of opium is strictly forbidden, and the prohibition is effectively enforced. The Communists are slowly educating the masses in their territories in the evils of the opium habit, and one of the principal things for which they denounce the Nanking Government is that it permits its military leaders to get rich from the drug traffic."
43. *Japanese White Book*, cited, Appendix A-3, p. 20.
44. Elementary schools, emphasizing Marxist doctrines, have been set up in all the established soviet districts. Middle schools and adult education schools have been founded in the central area around Juichin. In Fukien and Kiangsi provinces, there are military academies and training schools for political propagandists and organizers. Instruction of the army rank and file in reading and writing has made steady progress, so that many of the soldiers have become able to contribute to the wall newspapers that have been introduced. (Cf. *China Forum*, cited, p. 23.)
45. It should be noted that a contrary opinion is maintained in the Chinese and Japanese memoranda submitted to the Lytton Commission. The constant and direct supervision of the Comintern over the Chinese Communist movement alleged in these documents, would also appear to be exaggerated. (Cf. Koo, *Memoranda presented to the Lytton Commission*, cited, Vol. II, p. 745-748, 753-757; *Japanese White Book*, cited, Appendix A-3, p. 24-25.) In both instances, an attempt seems to have been made to build up a case for the menace of Russian activities in China—a menace which does not appear to exist, at least in the immediate present.
46. *The China Forum* (p. 2) puts the figure at 1,000,000 direct victims, at the least. For a detailed analysis of the Kuomintang "white terror," cf. *ibid.*, p. 2-5, 14-15.
47. Cf. Nathaniel Peffer. "The Chinese Idea of Communism," *Current History*, July 1932, p. 400-404.
48. Cf. J. O. P. Bland, *China: The Pity of It* (London, William Heinemann, 1932), p. 273-284.
49. Sokolsky, *The Tinder Box of Asia*, cited, p. 347.
49a. Cf. Louis Fischer, "South China Soviets," *New York Times*, April 16, 1933.
50. Leon Trotsky, "The Peasant War in China," *The Militant*, October 15, 1932, p. 1, 4.
51. *Idem.*, "Proletariat and Peasant War in China" (same article continued), *The Militant*, October 22, 1932, p. 4.

the mandarin class, creation of peasant self-government—and then to swing the peasant mass movement into open conflict with foreign imperialism. The orthodox Communists, however, also stress the decisive rôle of the Chinese proletariat. This view has been strongly expressed by G. Voitinsky, one of the Comintern agents in China during the 1925-1927 revolution. He writes:

> "The Chinese Revolution is going through one of the most difficult stages of its development. The basic problem for the Chinese Communist Party at the present time is the question of achieving *proletarian* leadership in the agrarian and anti-imperialist revolt. The greatest obstacles of the revolution are the unevenness of its development and the overwhelming strength of imperialism, presenting a united front through armed intervention in China, and directing its attack on the fatal division between the revolutionary movement of the proletariat in the towns and the growing revolt of millions of peasants."[52]

52. G Voitinsky, "On the Errors of the Chinese Communist Party in the 1925-27 Revolution," *Problemi Kitaya* (Problems of China), Moscow, Scientific Research Institute on China of the Communist Academy, 1930, No 4-5, p. 84. Translated by Joseph Barnes.

Marquis Li Puts Blame on Chen Fu-mu in C. M. S. N. Co. Case

Hearing of the appeal of Li Kuo-chieh (Marquis Li), former manager of the China Merchants S. N. Co., was opened at the Shanghai District Court (Nantao) May 25. Mr. Li was convicted of malfeasance of duty and of causing wilful damage to the Company in connection with three loan agreements made with the China Realty Company, an American corporation.

Pleading "not-guilty," the accused, in reply to questions put by the Court, claimed that the loan agreements were not in any way detrimental to the interests of the Company, that he believed it was the only way to save the Company from bankruptcy and that even if the agreements were really prejudicial to the interests of the Company, he could not be held responsible, as it was at the express order of Chen Fu-mu, then Government Superintendent of the Company, that the agreements were signed and concluded. With reference to the sum of $720,000 advanced by the China Realty Co., which is alleged to have been paid to Chen Fu-mu as a bribe to induce the latter to authorize the signature of the agreements, the appellant claimed that the sum in question was stipulated for in the agreements and formed the first instalment of the loan, that he handed it over to Chen Fu-mu for safe custody and that he did not foresee that the latter would have misappropriated the money. He protested that in handing over the money to Mr. Chen, he had absolutely no intention of offering it as a bribe.

Tou Yao-ting, an employee of the China Realty Co., was examined by the Court May 27. Mr. Tou is the man who brought the sum of $720,000 advanced by the China Realty Co. to Li Kuo-chieh.

F. W. Sutterle, general manager of the China Realty Company, Fed., Inc. giving evidence May 30 said the terms of the agreements made by the China Realty Company with the China Merchants were not harsh but rather moderate when compared with the other loans made previously by the China Merchants with other firms and banks. Mr. Sutterle denied that there was any secret understanding reached between Marquis Li and the China Realty in regard to the commissions or interest.

China Merchants S. N. Co. Negotiates a British Loan

The China Merchant Steamship Navigation Company is negotiating a loan of £400,000 with the British Boxer Indemnity Commission for the purchase of new steamships for the expansion of the river and coastal service of the Company. The loan is said to have already been approved by Chu Chia-hua, Minister of Communications. With the loan the Company will purchase four ocean-going liners and two river steamers from a British firm.

Kwangtung's Budget Balanced

It was officially announced in Canton, May 24, that Kwangtung's budget for the present fiscal year has been balanced and revenue for 1934 is estimated at $90,000,000 despite the fact that several miscellaneous levies have been abolished.

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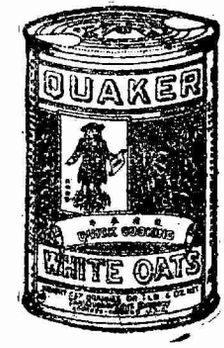

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65-031

Renewed Activity of Manchurian Volcanoes

BY DR. J. KUNST

A PERSON arriving at Harbin from the northern stations of the Huhai Railway asserts that according to reports by natives (Dagurians, no doubt) there was an eruption in the group of volcanoes situated between the northern end of the said railway and the well-known town of Mergen (Nun-yan), on the Nonni River (Nun-kiang). These reports must refer to what in the Dagurian language is known as "Uyun Holdongi," meaning "Nine Hills or Light-fires," and what on the Russian maps figures as the "Twelve Extinct Volcanoes of Holdonger."

The eruption took place in the first days of March, thus coinciding with the last Japanese and Californian earthquakes. This fact is noteworthy, but by no means surprising, since a great many similar instances of simultaneous volcanic disturbances in different parts of the Earth are on record. Their seismological significance has been often discussed.

The natives reported that things started by shocks of earthquake being felt unexpectedly in the region of the volcanoes. They occurred rather frequently, were not strong enough so as to cause damage, but were very distinctly felt and caused a panic among the people. Some persons went closer to the volcanoes and heard a strange noise proceeding from the interior of the earth. Quite suddenly, above one of the volcanic cones smoke appeared, being sometimes ejected with great force, then again more gently. This smoke was very biting and drove tears to the eyes of people. After a few days, the smoke ceased, but the subterranean noise and the shocks continued.

This is a typical description of the ordinary course of a light volcanic eruption. Much more surprising is the assertion of the Harbin journalist who first committed these statements to print that "about the activity of these volcanoes there exist only historical reports in annals written in the Manchurian language, but nothing else is known concerning the volcanoes."

Previous Eruptions

True enough, the only recorded eruption in the Uyun Holdongi, which consisted of two fresh cones rising out of the ground as in more modern times famous Cracatoa rose out of the sea, are first described in reports by Manchu officials to Emperor Kanghsi. But these reports were presently incorporated into the (Chinese) Imperial Annals, whence they were translated into Russian and published, as early as in 1855, in the "Reports of the Imp. Russ. Geogr. Soc." by Prof. Vasilev, who had discovered them at Peking. Vasilev's publication at the time caused quite a sensation among European geologists, for the fact of an eruption occurring nearly 500 miles from the nearest point of any coast (Vladivostok) upset the theory about the existence of volcanoes being bound to the proximity of the sea, or other large bodies of water, like the great lakes of Eastern Africa. But as the geography of the northern borderlands of China proper was very little understood at that time, the Uyun Holdongi were sometimes confounded, or at least brought into some vague relation, with volcanoes supposed to exist, after reports gathered from hearsay and from misunderstood Chinese sources by Wilh.v.Humboldt, around the Tienshan Mountain in Eastern Turkestan, and which have since been ascertained to be only burning coal-seams. And since no European eye had ever beheld the Uyun Holdongi, Elise Reclus, the famous French geographer, wrote in the closing years of the past century that their existence could not be accepted as fully established. It was proven beyond a doubt, however, in the very last year of that century, in 1900, by Lieut. Col. Wieslauch of the Russian army, who during the Boxer troubles visited the Uyun Holdongi with a few soldiers, surveyed a plan of the lava field surrounding the two newly risen volcanoes, made a sketch-map of the whole group, took a number of photographs, and published it all together with a most elaborate article in the "Reports of the Imp. Russ. Geogr. Soc." for 1911. Right in the following year, in 1901, another body of Russians commanded by Lieut.-Col. Melgunoff drew up a second sketch-map of the region, published at Habarovsk in 1903. Since that time, no European seems to have been able to visit the Uyun Holdongi. In 1928 I broached the subject in a Dagurian village near Lahachen, the present northern terminus of the Tsitsihar-Mergen-Aigun railway, but everybody categorically refused to conduct me to the volcanoes, since we would be certainly attacked by hunghutzes, A similar answer was given to Mr. Grochowsky, the well-known archeologist and geologist, near Keshan, the terminus of the new Tsitsihar-Keshan railway.

But now at last we have five original reports of the Manchu officials to Emperor Kanghsi, the founder of the two only important towns of the Nonni valley, Tsitsihar and Mergen, and who apparently took a special interest in that region all his life. The reports are dated from the 59th and the 60th year of Emperor Kanghsi, which corresponds about to 1721 and 1722 of our era.

1. Myren Changin (a Manchu title) Makari reports: "In the past (58th) year, on the 14th of the 12th moon, Uherida (commander of a somoon. or squadron) Saintchik reported to me through Findo Boshko that on the 11th of the 9th moon, on the 11th of the 10th moon, and the 21st of the 11th moon there were earthquakes, and that beginning with the 5th of the 12th moon, in the region named Uyun Holdongi, 30 li north of the village of Tomochin, which is situated on the Nemer River (an affluent of the Nonni), flames and rock are being ejected from out of the ground. I sent him off with orders to look again. and Saintchik sent to the inspection squadron, Cchangin Bishireltu, who on the 24th of the same moon reported that the ejected rocks, falling upon a heap, had formed a hill similar to a small holdongi, and that the fire (lava), spreading upwards and downwards in the valley of the Hogo, had occupied a stretch of three li. On the 12th of the 1st moon (of the present (59th) year) Saintchik himself arrived from an inspection and reported, besides the flame, noises like thunder were to be noticed, and rocks were being thrown up, the big ones among which were of the size of a cow; some of them fell back to their old place, others round about; on falling they were red-hot, and after cooling down they became black, and out of them a hill the size of a big holdongi had been formed; the fire (lava) issuing from different places of the valley had not everywhere the same height, measuring in one spot two fathoms, in another but one, and in a third yet less; the area from which fire issued and rocks were being ejected had 6 li in length by 2 in width and 18 in circumference. In one word, the ejection of fire and rocks and the thundering noise were not abating, but increasing more and more."

Fire and Rocks Emitted

The same Makari reports a second time (on the 26th of the 2nd moon) with the words of another emissary: That the ejection of fire and rocks from the first-mentioned place continued as before, that the hill (formed by the falling rocks) had become still higher, but that the noise had abated a little; the rocks (lava), spreading along the valley, had crossed the river Udelin (an affluent of the Nemer), had stopped one li beyond it, and cooled down, after which the thawed-up ice had formed afresh; in a north-eastern direction from the hill that emitted flames, three small cliffs of a height of 4, 5, and 6 fathoms, resp., has been formed, but there was no fire in them, while the other rocks in places were somewhat hotter; the whole area was now 15 li in length, and 7 across, and 37 all around.

The third report, (of the 29th of the 6th moon is already dispatched by governor Chentay, who evidently had had the eruption examined in pursuance to an imperial order: the emissaries reported to him on the 11th of the 5th moon that the ejection of flames and rocks and the strong roar from the principal hill continued as before; the hill had increased in altitude still a little more; the rocks had spread 7 li to the north from the hill, and one to the west, and the whole area was more than 46 li in circumference; the three small mounds were unchanged. On the 20th, the emissaries found everything the same, except that the hill had still a little increased in size; besides, in consequence of the river Udelin having been dammed-up by the lava, the water had overflowed towards the east and formed a lake 15 li in circumference, into which the lava, proceeding more than four li towards east from the hill, had penetrated for one li; the area occupied by the eruption had already reached an extent of 51 li.

The 4th report (of the 28th of the 8th moon) by the same Chentay, still finds the eruption going on in old force. The lava penetrating into the lake had progressed another li and crossed the lake; in the west, the lava had spread yet two li farther; the rocks in places emitted fire, and the whole area occupied by them was 55 li around; the three small cliffs existed as before,

The last report by Chentay is of the 12th of the 6th moon of the 60th year. The emissary dispatched for inspection in the first days of the 4th moon reported that

6 or 7 li towards north-east from the first place of eruption, in between the lava, a new hill had risen, also throwing up rocks and giving forth a noise like that of the former, only the noise was less strong; in height it was like a house; further spreading of the lava ceased, and from it smoke was rising. On the 15th, those sent to inspect the new mountain reported that eruption and thundering from it went on ceaselessly, though in a less degree than from the first-risen hill, around which now in places smoke was rising; the spread of the lava had ceased, but it occupied now an area of 80 li in circumference. On the 28th of the 5th moon, they reported, the new hill had ceased to give forth flames and noise and throwing up rocks; on its summit some smoke was visible, which also in places rose from the rocks surrounding it. In the beginning of the 6th moon the emissary reported that he climbed up to the top of the hill that formerly had emitted flames, and looked down (into the crater), but could not see the bottom, and that a very strong heat was coming from it; the mouth had approximately two or three li around, and the height of the hill on the outside was about 8 "ropes" (of about 50 feet each), and the foot had some 7 li in circumference. The new hill did not look big from here and was not more than two or three "ropes" in height; it could not be approached, as the rocks between both hills were extremely hot; from the interior smoke was rising as before, but no shine of fire; the pouring out of lava had ended, and also the noise."

Lieut. Col. Wieslauch's painstaking labors in 1900 proved to a very remarkable degree the accuracy of the measurements, relative bearings, and other details given in the above Manchu reports, so that the latter must be accepted as fully reliable. The first-formed volcano was given by Wieslauch the name of Vasilev Volcano, in due honor to the Russian sinologist who made the Manchu reports known to the European world; the second was baptized Kocher Volcano, in honor of a Swiss physician who had saved Wieslauch's life. On the Russian maps they are designated, however, by their native (Dagurian) names of Goon and Nadoog, resp. They rise but 800 and 300 ft. resp., above the surrounding plain. This insignificant altitude is characteristic not only of the other Holdongi, but also of the other volcanoes of Northern Manchuria in general. Best known among these are those which, 40 miles north of the Holdongi at the nearest point, are strung out along the Mergen-Aigun stretch of the ancient imperial highroad to the Amur, and which have been several times accurately described by competent Russian travellers. Another group, situated south of the Holdongi in the neighborhood of Keshan, is now practically reached by the new Tsitsihar-Keshan railway. Other groups and single cones are known, though very imperfectly all of them, both east and west of the Holdongi, and some are reported by Baron Aminoff, the well-known prospector and mining expert, even from the extreme west of the Nonni basin. All of them, except only Goon and Nadoog and the majority of those situated along the Mergen-Aigun road, are still waiting to receive their first scientific exploration.

Harbin, May 25, 1933.

Soviet Oil in Siam and Malaya Causes Price War

The Hua Kwang Oil Company of Siam, Ltd., has completed arrangements for the importation of Russian petrol and lubricants into the Siamese market, a recent Singapore telegram announced. The promoters of the company are all Chinese merchants who have resided in Siam for generations. In anticipation of keen competition, the Asiatic Petroleum Company and the Standard Oil Company of New York have reduced prices.

An oil "war" also in full swing in Malaya. The price of a four-gallon tin of kerosene which dropped from $2.45 to $1.85 in the latter part of last year has now further dropped to $1.45, as a result of Soviet competition.

Pekin Syndicate Shooting Affair Remains Unsettled

A recent message from Chiaotso, stated that all efforts at effecting a settlement of the recent shooting affray at the Pekin Syndicate mines have failed. The authorities of the coal-mine are willing to pay a certain pension to the families of the dead and to reinstate the dismissed workers and the Chiaotso Chamber of Commerce is attempting to effect a speedy settlement, but the workers and the various local public bodies are opposed to a settlement. The matter still remains unsettled and the remains of the dead workers still lie unburied.

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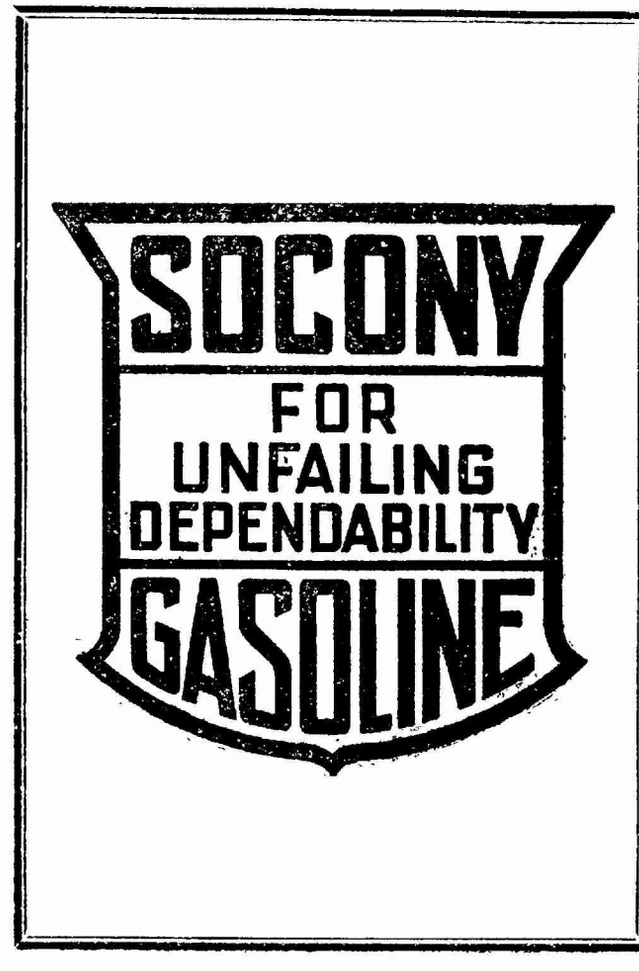


65-033

America's Program at Economic Conference Closely Guarded

Other than the previously announced stand for tariff reduction, the program of the United States delegation at the World Economic Conference at London has been closely guarded. President Roosevelt and Secretary of State Hull gave the delegates their final instructions May 29. The President and Mr. Hull spoke for nearly four hours and, at the conclusion of the conference, it was said there was nothing to announce.

President Roosevelt has appointed Senator James Couzens, from Michigan, to be a delegate to the World Economic Conference. He is the only Republican on the American delegation.

Viscount Ishii, Japanese delegate to the coming World Economic Conference, made a radio speech in New York May 29 reiterating that the traditional friendship between Japan and the United States remained unshaken by recent events.

The Japanese Emperor May 30 cabled a message to President Roosevelt expressing his profound appreciation of the cordial reception accorded the Japanese delegation to the World Economic Conference during their stay in Washington, and emphasizing that the forthcoming conference in London will contribute much towards promoting the welfare of mankind.

T. V. Soong, Chinese minister of finance, sailed from New York for London May 30 on the s.s. *Europa* to attend the World Economic Conference.

The British Government's reply sent to Washington May 23 said that feels that the action taken by Mr. Roosevelt is of the highest importance and that it is well calculated to further the success of the Disarmament and World Economic conferences. The British Government entirely shares President Roosevelt's view on the successful outcome of these conferences and the future happiness and prosperity of the world. The fact that President Roosevelt places as the first step of his program the adoption of the British draft disarmament convention is regarded as an earnest of the intention of the United States to collaborate at Geneva in pressing for general adoption of the draft convention as a whole.

Japan Seeks Naval Parity with Britain and U. S. A.

A naval spokesman explained at Tokyo May 26 that Japan objects to the inclusion of the London and Washington pacts in any forthcoming disarmament agreement not only on the ground that such an arrangement might lead to further augmentation of naval armaments of various countries, both qualitatively and quantitatively, but that Japan signed the two pacts, although somewhat prejudicial to Japan, on condition that they should mature by the end of 1936, the naval spokesman asserted. Furthermore, the spokesman continued, Japan submitted her own disarmament proposal last December and there was no reason why this Japanese proposal should not be fully considered by the conference. This "disarmament" proposal really means that Japan wishes equality with Britain and America, and will only agree to an arrangement which will provide that, *after* reduction of naval units, the three countries will be on the same level.

Japan has threatened to prevent unanimous agreement on a disarmament convention unless the draft specifically made it possible for Japan to seek a more advantageous position in regard to naval ratios. Mr. Sato indicated very plainly that Japan was seeking a much better naval position, if not actual parity with Great Britain and the United States.

Liberty, a weekly magazine circulating widely throughout the United States, April 26 published a sensational article entitled "Be Prepared for Japanese Attack," signed by one Colonel Myron Goldsmith. The article asserts that Japan is making every effort to prepare herself for a war with the United States.

Roosevelt and Ishii Issue Joint Statement

After a final conference at Washington, May 27, President Roosevelt and Viscount Ishii issued a joint statement, as follows:

"We concur in the view that economic stability and political tranquility are complementary essentials as a sound basis of peace. Both economic and military disarmament are needed for their attainment. We hope the countries of the Far East and those of the Orient will be able to contribute substantially in a spirit of co-operation in laying solid foundations for the structure of world peace and prosperity. We consider it highly desirable that the price of silver should be reasonably enhanced and that the silver exchange should be stabilized. We look forward to the convening of the World Economic Conference and to the success of the Disarmament Conference, resolved to contribute the maximum of our ability in a spirit of the utmost co-operation."

During his conversations with President Roosevelt, Viscount Ishii was accompanied by Mr. Debuchi, Japanese Ambassador at Washington, and by Mr. Fukai, Deputy Governor of the Bank of Japan.

The *New York Times* May 26 said that President Roosevelt had asked Viscount Ishii, to explain frankly and in detail the Japanese attitude on the abolition of offensive armaments, the definition of "aggressor," and the reported Japanese objections to the naval features of the British draft convention.

The People's Foreign Relations Association at Nanking May 30, cabled to President Roosevelt stating that the Chinese nation wholeheartedly accepts his appeal for disarmament.

A wide divergence of opinion over the question of the definition of an aggressor was revealed at discussions on the subject by the General Commission of the Disarmament Conference at Geneva during the week.

Chinese, Japanese and Russians Object to British Proposals

Severe criticism of the British naval disarmament proposals were voiced in the general commission of the Disarmament Conference in Geneva, May 25, by the Japanese and Russian delegations. M. Dovgalevsky objected that the proposals not only consecrated a flagrant inequality between heavily-armed countries and those without large fleets but actually increased the inequality, and Mr. Sato argued that there was no need to include the London and Washington naval treaties in the proposed convention as the British proposed.

China Insists on Right to Repel Invasion

Dr. Wellington Koo, Chinese delegate on the Council of the League of Nations, in a declaration at Geneva, May 26 said:—"In view of the fact that China has practically no navy, notwithstanding a long coastline, and in view of the fact that her territory with territorial waters have been and are still subjected to continued armed invasion in violation of international agreement by the naval as well as land forces of an invading power, the Chinese Government does not see its way, pending the vindication of China's right and a final settlement of war aggression, of which she continues to be a victim, to undertake commitments restricting China's right to take all necessary measures for resisting invasion and in defence of her territorial sovereignty."

The complete abolition of military aviation and the prohibition of aerial bombardment were strongly urged by Herr Nadolny, the German delegate, who recalled, that, fourteen years ago, Germany destroyed all her aerial material, 15,700 aeroplanes, 27,000 motors and 547 hangars.

Four-Power Pact is Initialled at Rome

The so-called Mussolini Four-Power fact was initialled at a colorful ceremony which took place in the Venice Palace, Rome, May 31. The initials were affixed by Signor Mussolini and the Ambassadors of Great Britain, France and Germany. The text of the Pact contains a preamble declaring that the state of unrest reigning in the world can be dissipated only by achievement of an international "feeling of fellowship" affirming confidence in world peace, Six articles follow this preamble, including a provision that the British disarmament plan be made the basis of discussion, permitting the limitation of armaments, while Germany recognizes that she cannot reach arms equality except by stages conforming to Article 7 of the Covenant of the League of Nations; and the four powers agree to consult each other on all questions, especially the economic restoration of Europe.

The *Min Pao* (Shanghai) comments:—"The Four-Power Pact is not expected to be a success in view of the opposition of the Little Entente. The Washington conversations have failed to produce a favorable impression on France. In view of these obstacles, it is more than doubtful whether the forthcoming Economic Conference at London will be a success."

65-034

German Mark on the Verge of a Decline

Forty foreign bankers met privately at the Reichsbank in Berlin, May 29, to begin discussion of the problem as to how Germany is to continue paying foreign credits in foreign currencies. Dr. Hjalmar Schacht, president of the Reichsbank, welcoming the foreign bankers. repudiated the intention to propose a reduction of debt or lower interest rates. He said no moratorium for payment in marks would be demanded, and that the sole question was to convert the mark into foreign currencies. Dr. Schacht revealed that Germany's currency coverage in gold and foreign currencies had dropped to eight per cent. He added that the situation was so grave that further withdrawals must result in inflation, with catastrophical consequences.

Nazis Score Decisive Victory in Danzig

The Nazis scored a decisive victory in the Danzig elections May 28. They captured 35 of the total of 72 seats, registering 107,619 of the total of 215,132 votes, which trebles their 1930 figures.

First Curtiss-Hawk Plane Is Christened "Greater Shanghai No. 1"

The arrival of the first of the 13 Curtiss-Hawk pursuit machines ordered through the Inter-Continent Aviation Corporation, a division of the Curtiss-Wright interests, was celebrated by Major James H. Doolittle engaging in further stunt flying at the Kiangwan Race Course June 1. Five more Curtiss-Hawk fighters are scheduled to arrive here, during this month, 10 in July and the remaining two in August. Each machine carries two machine-guns and bomb racks. The "Greater Shanghai 1" is the name that has been given to first plane. It was christened by Mrs. Wu Teh-chen, wife of the Mayor of Greater Shanghai.

The Chinese Press states that the funds raised in Shanghai for the purchase of airplanes for the National Government air force will be used by the Government to defray the payment for fifteen pursuit planes formerly bought by Marshal Chang Hsueh-liang.

Ningpo Guild Purchases Airplanes in England

With the funds contributed by the Ningpo natives in Shanghai, the Ningpo Guild has purchased a pursuit plane from London and four anti-aircraft guns. The planes are expected to arrive in Shanghai by the middle of July. The order is stated to have been placed with Vickers-Armstrong.

For the purpose of securing better knowledge of aviation developments in Great Britain, General Chen Chi-tang, Chairman of the Kwangtung Provincial Government, has ordered an investigation commission formed of aviation experts of the military organizations in Canton to proceed to London.

Shanghai-Canton Air Service to Be Inaugurated

Preparations are now being made by the China Aviation Company for the early inauguration of the Shanghai-Canton air service. The fare for the trip from Shanghai to Canton is tentatively fixed at $200.

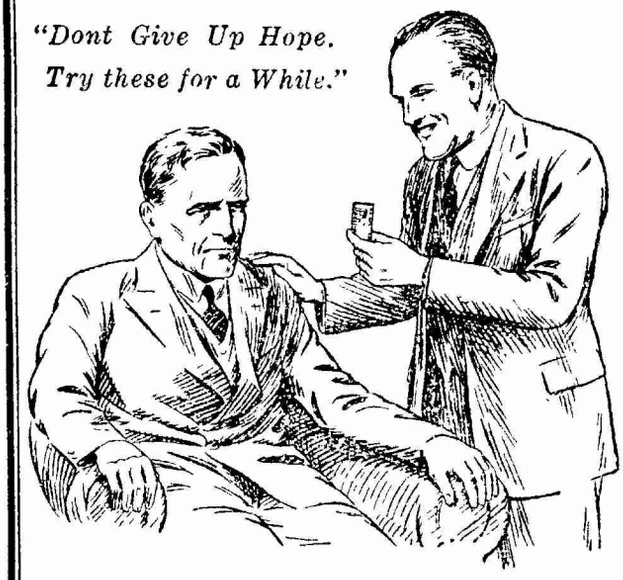
The first trial flight for the Chungking-Chengtu section of the Shanghai-Chengtu Airway took place May 26 from Chungking. Captain Allison, of the China National Aviation Corporation, undertook the trial flight. Stinson land planes are being used on this section instead of the amphibians which are now employed on the Shanghai-Hankow and Hankow-Chungking routes.

Li Ching-sung, general manager of the Eurasia Aviation Corporation, is scheduled to make a trial flight between Hankow and Sian, Shensi, early this month, preparatory to the inauguration of an aerial service between said two cities.

Planes Dedicated to Japanese Navy

Five airplanes that had been built by public contributions from among teachers and students of middle schools, employees of business firms, and members of various labor organisations, were dedicated to the Japanese Navy May 26 in a ceremony that took place at Haneda International Air-port.

A bombing range, covering 150 acres, has been established near Hamamatsu by the Japanese Military Aviation School. It is the first of its kind in the Island Empire.



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65-035

Morgan Enquiry Hits High Government Officials

Sensation after sensation marked the examination by the Senate Investigation Committee of the affairs of J. P. Morgan & Co., America's largest private banking house, which commenced May 23. J. P. Morgan was examined by Ferdinard Pecora, the Committee's counsel. He admitted that he personally had paid no income taxes for the years 1930, 1931 and 1932; another member of the Morgan firm stated that none of Mr. Morgan's partners had paid personal income taxes in 1931 and 1932. Evidence brought ont by Mr. Pecora in the examination of other members of the House of Morgan showed that the 1931 tax return claimed a loss of U.S. $21,071,862 in a two-day period. The books showed that the loss was not actually sustained in that period. It was brought out in the examination that Morgan and his associates claimed exemption for losses during certain years to offset profits in other years. To obviate such a ruse in future, the Ways and Means Committee of the House of Representatives has decided to write an entirely new income tax law instead of merely advancing the rates that were in effect for the incomes of 1932. One of the most drastic changes in the law will be that providing, in the tax returns, that capital gains and losses must be limited to the year in which they occur. Computations on this basis will not be allowed to extend from one year into another. This will bring America into line with the British practice.

Testimony given by Mr. Morgan May 22 showed that in the period between January 2, 1931 and December 31, 1932, the assets of the company had fallen approximately 50 per cent to a total of U.S.$424,708,095. He made this statement in explanation of his statement on income tax.

Secretary of the Treasury on the "Inside"

It was disclosed on May 24 that some of America's leading political and financial leaders, two of whom now hold high political office, were on the inside of the stock market in 1929, were able to buy securities far below the market prices and to sell them to the public at an immediate profit. In one instance, friends of the House of Morgan purchased shares of the Allegheny Corporation at $20 a share while the shares at the moment were selling on the New York Stock Exchange for more than $31.

Among those who dealt in Allegheny stock on this basis according to the list published by Mr. Pecora were William Woodin, now Secretary of the Treasury; General John J. Pershing, Col. Charles August Lindbergh, Charles Francis Adams, former Secretary of the Navy; John J. Raskob, former Chairman of the Democratic National Committee; Senator William G. McAdoo, of California, former Secretary of Treasury; Silas H. Strawn, Owen D. Young, T. W. Lamont, Newton D. Baker, R. Melton, and John W. Davis.

Among those who had obtained loans from the Morgan bank were John W. Davis, the former Vice-President, General Charles G. Dawes, Norman H. Davis, now Special Ambassador to England; Myron Taylor, chairman of the United States Steel Co.; Richard Whitney, president of the New York Stock Exchange; Charles Edwin Mitchell, former president of the National City Bank and the National City Company; and Mortimer Buckner, president of the New York Clearing House. These loans were for varying amounts and Mr. Morgan said about one-third of the amounts represented by them had not yet been paid back.

The Senate's investigation showed that Mr. Davis and Mr. Woodin were on the "preferred" list of J. P. Morgan & Co. The latest indications were that Mr. Woodin would resign. J. P. Morgan testified May 28 that gross profits of $18,284,908 were made from sales of securities alone in the years 1927 to 1931. In addition, untabulated millions were made from other operations.

George Tinkham, representative from Massachusetts, has announced that he will shortly offer a resolution in the House calling for a complete investigation of the relations between Norman H. Davis, Special U.S. Ambassador and chef delegate to the Disarmament and World Economic Conferences, and all international bankers since he first became connected with international affairs in 1917.

Raskob Expresses Appreciation of Favors

An additional sensation was caused May 25 when a letter was made public from John Raskob, former chairman of the Democratic National Committee to George Whitney, one of the Morgan partners implying that he felt himself under obligation to the Morgan interests. "I thank you for the many courtesies shown me by you and your partners and hope that the future will offer me an opportunity to reciprocate," Mr. Raskob wrote.

Even the late President Calvin Coolidge had dabbled in stocks after he left the White House, Mr. Pecora showed.

Republican Senators are doing their best to embarrass the Administration as the result of the revelations and there is a growing demand that Ambassador Davis should resign.

A resolution Senate May 29 requested a report from the former Secretary of the Treasury on the income tax assessments and payments made by Andrew Mellon and some 200 companies connected with his fortune from 1917 to 1933. A similar report was requested in regard to income tax payments by Ogden L. Mills, who succeeded Mr. Mellon.

Senator Carter Glass showed antipathy on various occasison to Mr. Pecora's questioning of Mr. Morgan, but he has had little support in the body of the Senate. Senators Couzens and Borah are giving the investigation their fullest support and Mr. Borah has hinted that Secretary of the Treasury Woodin ought to resign, as like Caesar's wife he should be above suspicion.

U. S. Goes Off Gold Standard by Statute

A bill abolishing the gold standard was introduced in the House of Representatives at Washington May 26, by Henry B. Steagall, the chairman of the Banking Committee of the House, who said that passage of the legislation would enable foreign debtors to pay war debts in any money which was legal in the United States. The legislation was introduced at the request of President Roosevelt and is part of the President's emergency relief program. It was passed by the House May 29.

The Bill adds an Amendment to the Farm Relief Bill, declaring that "all coins and currencies of the United States, including Federal Reserve notes, circulating notes of the Federal Reserve Banks and national banking associations. heretofore or hereafter coined or issued, shall be legal tender for all debts, public or private, and taxes, duties, and dues." With the adoption of this bill all currencies will be backed by all the wealth of the United States including the gold stocks but without special reference to gold or any other metallic base.

Foreign holders of United States bonds will be compelled to accept interest and principal in non-gold money, of the United States will have but one kind of currency so far as its actual value is concerned.

The public, despite announcements to the contrary, took the bill to mean that there would be more inflation, and as a result there was a sharp rise in the price of stocks, a considerable drop in the value of the dollar as compared with the gold standard countries Holland and France, and a rise in the value of the yen rate on New York, it standing at just above 24, May 27. There was also a rise in the price of silver on the New York market.

The Banking and Currency Committee of the House of Representative and the Senate Banking Committee both approved the Steagall Bill May 27.

Senator Carter Glass, former Secretary of the Treasury and "father" of the Federal Reserve system, expressed the opinion that any attempt to repeal the gold clauses in present contracts would be ruled unconstitutional by the United States Supreme Court.

The next question of importance to came up for consideration in U. S. monetary circles is whether it would not be wise for the United States to open a free market for gold such as England has. There is no embargo on the export of gold from England.

Each move by the United States is closely watched in Germany where banking circles are more and more becoming convinced that Germany cannot afford to remain on the gold standard much longer.

Mexico Wants Silver Rehabilitated

A official declaration at Mexico City, May 27 by Alberto Pani, the Mexican Minister of Finance, stated that he and President Roosevelt were in agreement on a plan for the rehabilitation of silver.

French War Debts

It was officially confirmed in Washington, May 26 that President Roosevelt may insist on France's payment of the war debt instalment due on December 15 last year before considering a revision.

President Signs Securities Bill

President Roosevelt May 27 signed the Securities Bill, which ensures wide publicity for the full details of securities issued to the public. The measure extends strict federal supervision over the issuance of new securities

under the administration of the Federal Trade Commission. A discussion of this new legislation was contained in an editorial in *The Review* May 23, entitled "No More 'Caveat Emptor' for U. S. Stock Promoters."

The House of Representatives passed the Public Works Bill, May 26, to increase the income and petrol taxes, authorizing the expenditure for $3,300,000,000 for public works and to provide machinery for a great co-operative movement in all industries.

Federal Banks to Buy U. S. Govt. Bonds

The Federal Reserve Bank in New York and in the other eleven districts last week established open markets for the purchase of government bonds. Some of New York's leading bankers and finance experts declare that this is an iniquitous procedure and threatens the life of the entire bond market. They declare that the Federal Reserve Banks can never sell the bonds again without causing a definite break in the market.

Japanese Delegates Discuss Economics at Washington

Economic and monetary questions in connection with the coming World Economic Conference were discussed at Washington, May 25 when Viscount Ishii, Japanese Ambassador Debuchi, and Mr. Funai, Deputy Governor of the Bank of Japan, called on Cordell Hull, Secretary of State. Dr. Hornbeck, Chief of the Far Eastern Division of the State Department, and William Bullitt were also present.

Sarcastic Comment on U. S. Position by Karl Radek

Karl Radek, noted Soviet journalist, in a recent article declared that the United States, having emerged from the world war as a creditor nation, raised the "banner of isolation," imagining that with the aid of her dollars she held the whole world in her pocket and could dictate terms. "The result of this attitude," the writer commented "was that when the Japanese imperialists marched into China, the United States, with an inadequate navy, was confronted with a violation in fact of the Washington agreement. The dollar, meanwhile, had proven subject to the same diseases as the currencies of all the other capitalist powers."

U. S. War Vessels Will Not Be Laid Up

The plan by which one-third of all the United States combatant ships and naval aircraft were to be placed on a "rotating reserve" has been abandoned, at least for the present. The proposed economies will be made in other directions.

Piracies Both in North and South China Waters

The Hongkong coastal steamer *Prominent*, while on her way to Saigon was pirated on the morning of May 27 by 14 desperadoes who ransacked the general cargo, worth $30,000 and looted the belongings of 90 passengers. They shot and wounded Captain H. Jensen in the right leg. They ordered the Captain to steam the ship towards Mirs Bay, where the pirates escaped. It is believed the booty is insignificant. While approaching Mirs bay the *Prominent* was chased by a Customs launch. Thereupon the pirates threatened to set fire to the ship if the Captain did not steam towards shore. The Customs launch consequently failed to reach the *Prominent*.

Japanese Ship Pirated Enroute to Dairen

The most sensational piracy in North China waters occurred May 26 when a Chinese pirate, speaking French and Japanese, took charge of the *Hoshun Maru*, 700 tons, while the vessel was crossing the Gulf of Pechli en route to Dairen. The Japanese steamer had 1,000 refugee passengers from Tientsin on board, among whom were 21 pirates, who robbed everyone, rifled the ship's safe and attacked many other craft with the commandeered steamer. With a heavy loot and some captives, the pirates escaped to some shallow water region.

Former M.B.K. Compradore Arrested at Hangchow

Ho Fong-fu, until recently compradore of the Shanghai office of the large Japanese concern Mitsui Bussan Kaisha's sundry goods department, with its office at 49 Szechuen Road, was arrested by police of the Chekiang Provincial Government when he was paying a visit to his birthplace in that province last week. It was reported that Mr. Ho, who is a wealthy sugar merchant of Shanghai, had been arrested because of his alleged relations with Japanese. The arrest, it is believed here, was made because the Chekiang authorities thought that Mr. Ho was still working for the Japanese firm. As a matter of fact, he severed his relations with the M.B.K. many months ago.

"The Seaboard Route to the North"

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Starting at Peping, the ex-capital of China, called the most interesting city in Asia, with its intricate systems of walls, its Imperial palaces and its beautiful temples and tombs the Peping-Liaoning Line goes down to Tientsin, the great port of Chihli, and from there swings in a wide circle on its pathway to the north. From Lanchow to Chinchow the railway follows the line of the Gulf of Chihli, passing through Shanhaikwan, where the Great Wall ends at the sea, and thence on to Mukden, the ancestral home of the Manchus, a city which vies with Peping in its splendor of palaces and temples and ancient shrines.

Through tickets are issued and passenger's baggage registered through between the important stations on the Peping-Liaoning Railway and the South Manchuria, Chosen (Korean) and Imperial Japanese Government Railways. At Peiping connections can be made with the Peping-Hankow Railway and with the Peping-Suiyuan Railway and at Tientsin connections can be made with the Tientsin-Pukow Railway, for Tsinanfu, Nanking and Shanghai.

For information as to rates, schedules, accommodations, etc. apply to any Tourist Bureau, or communicate directly with the Superintendent of Transportation.

IMPORTANT NOTICE

Owing to the Japanese occupation of Manchuria, tickets are only sold to Shanhaikwan where the Peping-Liaoning Railway crosses the Great Wall. The Chinese Government Railways assume no responsibility for transportation or safety of passengers beyond Shanhaikwan.

Peping-Liaoning Railway

Head Office

TIENTSIN

An Advertisement of the Chinese Government Railways

No. 2

65-037

Repercussions of the Soviet Deflection

BY PAUL K. WHANG (王卉芳)

WHILE the speeches of welcome to M. Bogomolov, Soviet Ambassador to China, are still ringing in our ears, the cries of resentment against Moscow are now on the lips of every Chinese citizen. It is deplorable indeed that the Sino-Soviet diplomatic relations, which have just been resumed, are once again placed in a strained state, as a result of the Soviet offer to sell the Chinese Eastern Railway to Manchukuo or Japan. Within a short span of one month, the thermometer of the Chinese press has been registered with the following degrees: "Welcome to the New Soviet Ambassador to China"; "China and Soviet Russia will now fight side by side against Japanese aggression"; "Will the Soviets sell the C. E. R. to Japan?"; "The supineness of the Soviet government"; "Litvinov's curious statements"; "Moscow betrays China"; and "China should not restore diplomatic relations with the country which ignore China's treaty rights."

Agitation for a boycott against Russian goods has already been on foot, and the Southwestern Political Committee in Canton has gone so far as to take an independent action in banning Russian imports from entry at Canton. This none-too-friendly feeling prevailing among the Chinese people will be bound to have repercussion upon the revival of Sino-Soviet trade, which has made great strides following the restoration of diplomatic relations. The new Russian Ambassador who has not yet warmed his seat may find his seat too hot for him to sit on comfortably.

This new move by Moscow has especially discouraged those who have long advocated the resumption of the Sino-Soviet diplomatic relations as a measure of checking the Japanese aggressions. It has long been said that had China been on friendly terms with the Soviets, Japan would not dare to invade Manchuria as unscrupulously as she did in September of 1931, and that in order to check Japanese aggressions, China should turn to Moscow for assistance as Dr. Sun did in the successful consummation of the Northern Expedition. Such an utterance has been accepted with increasing belief after the League of Nations demonstrated its impotency to liquidate the Sino-Japanese complications, and the Chinese government prompted also by this belief, therefore, sought the first opportunity to shake hands with the Soviet government. What a great shock to the Chinese people, when no sooner have the Sino-Soviet diplomatic relations been resumed, than Soviet Russia has turned out a betrayer and allied herself on the side of our enemy!

The Bear Becomes a Lamb

In reviewing the Soviet policy of the past four years, one must say that the whilom ferocious bear has now been transformed into a tame lamb. In 1929, on the pretext of China's violation of the Soviet property rights on the C. E. R., the Red Army crossed the border, bombarded Chinese cities and defeated Chinese soldiers under Marshal Chang Hsueh-liang. But how different is her attitude toward her alleged property rights? She first permitted the Japanese soldiers to use the C. E. R., let them occupy Harbin with indifference, and now even offers to sell the C. E. R. in face of an ultimatum from the Japanese Manchukuo. The so-called property rights which she so ably defended against China's violation, no longer concern her, and she goes even so far as to insult China by declaring that China has ceased to be partner in the C. E. R. since September, 1931.

The surrender of the Soviet government in face of the Japanese threat, however, should occasion us no surprise, because it is the only course which it can take at the present time. With her enemies on all sides and her Red Army no match for the Japanese military machine, Soviet Russia must purchase peace by all means. What does China's friendship mean to her, when her own fate hangs in the balance, if she has the temerity to accept the Japanese challenge Moreover, the Japanese militarists have not only cast their covetous eyes on the C. E. R. only but also on Siberia, a territory which the Japanese had occupied during the intervention of 1920. In order to keep Siberia, she has to satisfy the Japanese militarists by surrendering the C. E. R.

Why should we take this Soviet betrayal seriously? As a matter of fact, Soviet Russia only does what is best for her own interests. Are we so simple-minded as to believe that Soviet Russia would really act as a champion of small and weak nations not only in words but also in deeds, and take up a cudgel on China's behalf, when we ourselves can not stand up to defend our own territories? We must help ourselves before anybody can be expected to help us. Since the Japanese occupation of Manchuria, our government officials have still indulged in petty squabblings, and never seriously taken upon themselves the task of recovering our lost territories. We have become more resigned and more tolerant in face of new developments of Japanese invasion, and we can not even put up a semblance of resistance against the foreign invaders. In face of such a deplorable situation, why should Soviet Russia uphold China's rights in a territory which China will not be able to recover in the immediate future?

This Soviet deflection may prove a blessing in disguise, if we can keep in our memory the lessons learned therefrom. First of all, those who have entertained a faith in the altruism of Soviet Russia will have to admit this sad truth that Soviet Russia, at best, is but a pseudo-champion of small and weak nations. This discovery will invariably cool down the enthusiasm of those Chinese people who have hitherto looked forward to Soviet Russia as the leader of the world revolution. Thus by her own act, the Soviet government has discredited itself in the eyes of the Chinese people. These repercussions will be far-reaching, and in the long run, the Chinese government will have a much easier task in checking the communist movement and eradicating the Red-banditry.

And secondly, the Chinese people will realize that they must depend upon themselves to maintain their own national existence. First, they placed implicit confidence in the League of Nations, but the League, besides establishing the right and the wrong of the case, "left China to find a remedy herself." Then they sought the American assistance, but the United States has been busily occupied with her domestic ills. Now they turn to Moscow for help, but Soviet Russia, in face of Japanese threat, has betrayed China's trust. Thus China has been practically left in an isolated condition, with no prospects of assistance from any friendly Powers. These cold facts will bring home to the Chinese people that they have invited their own distress, because they depend too much upon others to pull their chestnuts out of the fire.

On the Eve of Direct Negotiations

The immediate effect of this Russian deflection may compel the Chinese to surrender themselves abjectly to the Japanese. With the Japanese forces approaching the old Capital, with the impossibility of putting up any effective resistance, and with the indifference and aloofness of friendly Powers, the Chinese government, in order to save further territories from being conquered by the Japanese, has no alternative but to seek a compromise with the Japanese, although to seek peace at the present juncture will be tantamount to an act of surrender. With the present trend of events in view, we will not be surprised to see that sooner or later China will be induced and coerced by Japan to open direct negotiations with her in the settlement of Sino-Japanese complications.

Russia may gain a temporary peace by surrendering her C. E. R. claims to Japan, but this temporary peace will be only a lull before the outbreak of another storm. Japan, it must be said, will not be satisfied with her territorial ambition by occupying Manchuria and Jehol only and her dream over Siberia is too well known to be ignored. By virtue of the control of the C. E. R., Japan's grip in Manchuria will be immensely strengthened and the Red influence over Northern Manchuria will be totally eliminated. With the consolidation of her present position, Japan will invariably seek another pretext to send her army across the border as she did in Manchuria in 1931. When that time comes, Japan will possibly win the support of the whole world because of her role in freeing the world from the pernicious influence of Bolshevism.

Soviet Russia has now allied with Japan on the pretense of preserving Far Eastern peace. She has deserted her friend when her friend needs her assistance the most. The Chinese people have been known to the world for their virtue in making just recompensation of what they have received. In future, when Japan will pursue the same aggressive policy against Soviet Russia as she does now against China, the former will be too late to solicit the latter's friendship.

Shanghai, May 26, 1933.

65-038

Rockefellers Still Dominate U. S. Oil Industry

The Rockefeller family still is dominant in the American oil and pipe-line industry, according to a report recently filed with the Interstate Commerce Committee of the House of Representatives at Washington on March 3. The report was made by Dr. Walter M. W. Splawn and experts who had been instructed to make an investigation of pipe-line control by the House Committee. The following report by the *International (Hearst) News Service*, appeared in the *Kansas City Star* on March 3.

Holdings of the Rockefeller family are scattered through the largest oil companies, including a substantial interest in the Shell Union group, regarded as an offshoot of the giant British Royal Dutch Shell Company.

The percentage of voting power held by Rockefeller interests in the larger oil companies was reported as follows:

Standard Oil of New Jersey, 16.47 per cent; Standard Oil of Indiana, 13.81 per cent; Standard Oil of California, 16.64 per cent; Socony-Vacuum Corporation, 20.82 per cent; Ohio Oil Company, 23.90 per cent; Prairie Pipe Line Company, 14.72 per cent; Atlantic Refining Company, 7.11 per cent; South Penn Oil Company, 32.92 per cent.

The Rockefeller holdings are especially impressive in pipe line companies, through which oil is transported in every part of the country. In many of the major pipe line companies the Rockefeller interests are about one-fourth of the total.

The Mellon family, the financial heads of which are Ambassador Andrew W. Mellon and R. B. Mellon, firmly controls the big Gulf Oil Corporation, which has a capital stock of 113 million dollars. The Mellon family is reported as owning March 10, 1932, 73 per cent of Gulf Oil Corporation and 55 per cent of Union Gulf Corporation.

The next largest stockholder was the Flinn family, Pittsburgh, having 22,408 shares, as compared to 3,310,838 of the Mellon family. Senator David A. Reed is shown the owner of 4,069 shares, while George W. Crawford of Pittsburgh owns 10,104 shares.

John D. Rockefeller is the largest single stockholder in Atlantic Refining Company, with 7.12 per cent. Other large owners are J. W. Van-Dyke, Philadelphia, 33,000; Whitney family, 30,807, and Northern Finance Company, 40,700.

The Whitney, Harkness and Pratt families, all powers in New York finance, are heavy stockholders in many companies. The well known DuPont industrialist family is entered in the stockholders' list of the Phillips Petroleum Company.

The Rockefeller family is shown to have 69,020 shares in the Shell Union Corporation.

J. Pierpont Morgan owns 5,000 shares in the Continental Oil Company; T. W. and T. S. Lamont of the Morgan Company own 7,000 shares, while J. P. Morgan & Co. has 73,000 shares. The largest stockholder is the Newmont Mining Corporation, having less than 5 per cent. James A. Chapman of Tuisa owns 42,000 shares.

The Rockefeller family is heavily interested in the Sinclair-Prairie (Consolidated Oil) group, J. D. Rockefeller owns 253,600 shares; Samuel Untermyer of New York, 15,000 shares; Philip D. C. Ball, St. Louis, 12,024; Marrs McLean, Beaumont, Tex., 10,000; William Wrigley, Chicago, 10,000; John W. Hubbard, Pittsburgh, 9,000.

The Rockefeller family was shown to have 361,908 shares in the Prairie Oil and Gas Company, with Harkness, Bingham and Pratt families of New York each having from 31,700 to 44,000 shares.

Ohio Oil Company's largest stockholder is the Rockefeller family, with 935,126 shares. Second is M. L. Benedum, Pittsburgh, 102,769; the Harkness family has 58,372 shares.

The DuPont family has 2.84 per cent of the stock of Phillips Petroleum, with a total of 161,956 shares listed in the family of Frank Phillips of New York, chief owner.

The Pierce Petroleum Corporation, an investment company, owns 645,834 shares in the Sinclair-Prairie group. Largest individual stockholders are Samuel Untermyer, New York, 80,000; Frederick Lewisohn, New York, 26,194, and H. C. Heller, New York, 12,400.

Pure Oil Company, known as a Dawes company, was found to have widely scattered ownership. The Dawes family of Chicago, with 100,233 shares of 502,500, is the largest stockholder.

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All applications and inquiries should be addressed to the Director at 1954 Avenue Haig, Shanghai.

65-039

Defying the Territorial Sovereign

BY GENERAL WU TEH-CHEN
Mayor of Greater Shanghai
(in the People's Tribune, May 16)

EVER since the promulgation, by the National Government, of the Factory Inspection Law, the Chinese authorities have repeatedly sent representatives to confer with the authorities of the foreign Settlements with a view to enabling the general application of the law in the various districts throughout the Municipality. For it is needless to emphasize that, as the factory law has been promulgated primarily for the purpose of improving the conditions of the workers and promoting better relations between Capital and Labor, no further delay should be brooked in the effective enforcement of the law. Moreover, due to the maladminjstration of factories, there have been frequent cases, recently, of serious accidents resulting in many deaths and wounded and firmly demonstrating the urgent necessity of factory inspection.

It may be noted that the number of factories situated within the Special Districts that is, the International Settlement and the French Concession, occupies nearly two-thirds of that in the whole municipality. Thus, unless a satisfactory solution of the question of factory inspection in these special districts is reached, it would be well-nigh impossible to proceed with the prescribed inspection. This will also give factories situated outside of these special districts a pretext for evading the law.

The Municipal Council of the International Settlement has so far pursued a *laissez-faire* policy towards the factories in the Settlement. In fact, it is not within the competence of the Council to do anything concerning this matter. It may, in this connection, perhaps be recalled that in 1925, when the Municipal Council (International Settlement) appointed a Child Labor Committee and formulated a set of regulations relating to child labor, the then legal advisor to the Council maintained that the Council had no authority under the law to enact labor regulations or to require the ratepayers to conform therewith. For it is the fundamental attribute of an independent State that the State has supreme and inalienable sovereignty over all citizens living within its jurisdiction. Inasmuch as the territorial sovereignty over the foreign settlements remains vested in China, it is obvious that citizens living within the Settlements have the same duty to obey the sovereign will of China as those living outside of these Settlements. The authorities of the Settlements can have no right to exclude citizens living in the Settlements from the sphere of authority of the Chinese Government. Again, laws are compulsory rules whereby the State regulates the conduct of the people. No law can be enacted except by a State, and it is the State alone which can enforce a law. In now seeking to wrest and arrogate to themselves the right of enforcing the Factory Inspection Law, the authorities of the foreign Settlements in Shanghai are thus tantamount attempting to sever a Chinese law from China and make it independent, an action which cannot be interpreted but as a deliberate, underground, attempt at defying the territorial sovereign.

A "Pet" Device

Factory inspection being a matter concerning the whole labor administration of China and the right of enforcing the Factory Law in the Special Districts (i.e. the International Settlement and the French Concession) being vested in Chinese Government organs, it is, from the standpoint of political and juridical principles, thus a matter of deep regret to those who are conversant with the history of the development of the Settlement that the Council should, on April 19th last, have again resorted to its pet device of utilizing an amendment of the Land Regulations or the Bye-laws for the wanton extension of its powers.

It will be recalled that in July, 1862, when the British Consul objected to the attempt on the part of the Shanghai Taotai to collect taxes from Chinese residents in the Settlement, Sir Frederick Bruce, British Minister to China, in instructions to the British Consul stated:—

> "We have no rights by Treaty to interfere between Chinese Authorities and their people. The Taotai is entitled to levy taxes as he please; and so long as he merely seeks to impose taxes on persons resident in the concession, which are paid by those in the City and suburb, I see no reason for objecting to it. . . .
>
> "If we deny the Chinese Government their right of control over the Chinese resident in the concession, then we can not secure the protection accorded to us by that Government under Article 18 of the Treaty (i.e. the Treaty of Tientsin).

The views expressed by the British Minister had the full approval of his home Government and, in the ensuing year, the British Secretary for Foreign Affairs, Earl Russell, in instructions to the British Minister, again observed:

> 'The lands situated within the limits of the British Settlement are without doubt Chinese territory, and it cannot be reasonably held that the mere fact of residence within those limits exempts Chinese subjects from fulfilling their natural obligations."

As a part of the foreign community still clung to their erroneous conception, the British Minister, in further instructions to the British Consul emphasized: "It is my duty to remind you that the Chinese Government has never formally abandoned its rights over its own subjects, nor has Her Majesty's Government ever claimed or expressed any desire to exercise a protectorate over them..... I do not understand what interest Her Majesty's Government has in lending itself to a system which is unjustifiable in principle."

The stand taken by the British Minister was in full accord with that of other Treaty Powers. Mr. Burlingame, the then American Minister, in instructions to Mr. Seward, the American Consul, wrote:

> "There is a constant tendency on the part of foreigners, in making their municipal arrangements, to aggress upon the rights of the Chinese, and it is necessary constantly to recall them to the safe ground of principle. I am not authorized to consent to any scheme which does not respect the right of China as a Sovereign State over her territory and subjects."

From the above, the legal status of the International Settlement should be quite clear. Even from the historical viewpoint, there can be no denying the fact that the powers and functions of the Municipal Council are subject to important limitations. It has indeed been well said that in invoking a law, one must not forget its source.

Well aware as it was that even according to the Land Regulations—the fruit of such deliberate and unremitting efforts on the part of its predecessors—the Council has no authority over matters concerning factory administration, and aware moreover that it would be impossible to obtain the requisite consent of the Chinese Government to any amendment of the Land Regulations for the purpose in question, the Council thus conceived and adopted the crafty device of calling a special meeting of ratepayers in accordance with Article XI of the Land Regulations to pass an amendment to the Bye-laws in the hope that the resolution, once adopted, might become effective upon approval by "a majority of the Consuls and Ministers of Foreign Powers having treaties," without it being necessary to obtain the consent of the Chinese Government.

In so doing, the Council has obviously pretended to be unaware of the proviso contained in the same Article of the Land Regulations to the effect that "such other Bye-laws be not repugnant to the provisions of these Regulations."

The Council's Powers

For the powers conferred by the Yangkingpang Land Regulations, the so-called fundamental Law of the International Settlement, are confined only to (i) appointment of an executive Committee or council, (ii.) construction of public works and keeping the same in repair, (iii.) cleaning, lighting, watering and draining the Settlement generally, (iv.) establishing a watch or Police force, (v.) purchasing and renting lands, houses and buildings for Municipal purposes, and (vi.) paying the persons necessariy employed in any Municipal office or capacity. Thus, the matters over which the Council is authorised to exercise jurisdiction, as provided in Article IX of the Land Regulations for the "better order and good government of the Settlement," are *enumerated* and not *general*.

Now, according to settled principle governing the interpretation of law, the difference between the *enumerated* and *general* provision is that, while the latter may be liberally construed, by way of analogy or other method of interpretation, the former shall be confined however only to those expressly enumerated. Again, the purpose of making new Bye-laws (or additions to existing ones) must be limited to that defined in Article XI

Who's Who in China

General Huang Mu-sung, Pacification Commissioner to Sinkiang; born in Kwangtung, 1885; graduate of the Peking Military College; Commander of 3rd Division; Vice-Commander of Army Officers' Corps of the Nationalist Revolutionary Army; President of the Military College, Peiping; Chinese Delegate Plenipotentiary to the World Disarmament Conference at Geneva; now, Vice-Chief of General Staff of the National Government, reserve member of the Central Executive Committee and recently appointed Government's Pacification Commissioner to Sinkiang; address: Headquarters of the General Staff, National Government, Nanking.

黃 慕 松

General Huang Mu-sung

黃慕松，年四十八歲，廣東人，陸軍大學畢業，曾任第三師師長，國民革命軍軍官團副團長，陸軍大學校長，日內瓦國際軍縮大會中國全權代表，現任參謀次長，候補中央委員，新疆宣慰使，

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of the Land Regulations, namely, "for the better enabling them to carry out the object of these Regulations." In other words, the object of the Bye-law must not go beyond the limits set by the Land Regulations, as referred to above, or else such new Bye-law or amendment thereof must be regarded as contrary to the proviso contained in Article XI which requires that "such other Bye-laws must not be repugnant to the provisions of these Regulations."

Thus, the amendment passed at the ratepayers meeting on April 19th last, relating to the licensing of factories, has no legal basis even according to the Land Regulations. The International Settlement being Chinese territory, foreigners residing and doing business in the Settlement by virtue of existing Treaties can only enjoy the rights stipulated therein, while Chinese citizens resident in the Settlement have the same duty towards the Chinese Government as those who reside outside of it. The natural relationship between Chinese citizens and the Chinese Government can not be interfered with by foreigners.

The legal status of the Settlement is determined by the Treaties. The scope of authority of the (foreign) Shanghai Municipal Council is stipulated in the Treaties and the Land Regulations. Without for the moment going into the legal basis of the said Land Regulations, any provisions of the Regulations in conflict with or exceeding the stipulations of the Treaties are obviously invalid. It would therefore be unreasonable and illegal to tolerate Bye-Laws of the Land Regulations which are in conflict with the Treaties—or which exceed the proper scope of the said Regulations or which disregarded the sovereign rights of the Chinese Republic—in an order thereby to extend the authority of the Shanghai Municipal Council.

I am strongly convinced that those foreigners who are broadminded and who have the interests of the Chinese people at heart, will take the matter into careful consideration, for the attitude of the Chinese Government will remain unchanged even if the Resolution in question is upheld by the Consular Body at Shanghai and the various foreign Ministers concerned.

Who's Who in China

(Supplement to the Standard Edition)

There will be published shortly a supplement to the standard book, "Who's Who in China," which will contain some 200 biographical sketches of Chinese men and women who have come into prominence since the Fourth Edition (1931) was issued. It also will contain revisions of some of the sketches which appeared in the Fourth Edition.

For example, the Supplement will contain the pictures and sketches of several leaders who have come into prominence as a result of the Sino-Japanese conflict, such as Generals Tsai Ting-kai, Chiang Kwang-nai and Oung Chao-wan of the 19th Route Army, Chang Chih-chung of the 5th Army; Ma Chan-shan, Su Ping-wen and Li Tu of the Manchurian campaign; Sung Chih-yuan of Chahar, Han Fu-chu of Shantung, Yu Hsueh-chung of Hopei, Chu Ching-lan of the Volunteers, etc., etc., etc.

For those who possess a copy of the last, or Fourth Edition, a copy of the Supplement, is indispensable.

READY FOR DISTRIBUTION ABOUT JUNE 1.

No office, home, school or public library is complete without **Who's Who in China**, containing the pictures and biographical sketches of most of China's leaders in the fields of politics, business, education and the other professions. In addition to a record of their careers, it also contains their latest addresses, matters of vital importance to those who would keep up with events in China and the Far East.

The prices, including postage, for the Supplement as well as the standard edition are as follows:

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Standard Fourth Edition (1931)	10.00	4.00
Both books	11.50	4.50

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38, Avenue Edward VII

Shanghai.

Men and Events

The annual dinner of the American University Club of Shanghai will be held at the American Club, June 14, at 8 p.m.

Recent messages from Moscow call attention to the development of oil resources in the Lake Baikal area and manganese mines near Mazul, Siberia.

The Quaker missionary, Robert J. Davidson has been appointed Secretary in London of the United Committee of Christian Universities in China.

The E. I. Du Pont de Nemours Company, of Wilmington, Delaware, one of the world's largest powder manufacturers, has purchased the Remington Arms Company.

The U. S. S. *Houston*, flagship of Admiral M. M. Taylor, departed from Shanghai May 29 for Yokohama and Kobe. The *Houston* will later proceed to Tsingtao where she is due June 16.

J. V. Crowe, manager in the Far East for Ford Motor Car Company, has returned to Shanghai from a trip to French Indo-China and Siam. Mr. Crowe was accompanied on the trip by Mrs. Crowe.

The new school for Russian Children in Avenue Petain, Shanghai, will be formally opened Sunday, June 4, at 4.30 p.m. The Consul General for France and Madame Meyrier will perform the opening ceremony.

Harry Hussey, architect of Peiping, departed last week for Port Dover, Ontario, Canada, where he expects to spend the next six months. Mr. Hussey returned to China recently from Geneva where he accompanied Dr. V. K. Wellington Koo.

The Soviet Consulate in Shanghai will be established during this month according to information from local Soviet circles. M. Bogomolv, the Soviet Ambassador, is personally attending to details concerning the restoration of the Cousulate.

O. M. W. Sprague, the eminent American professor who holds the position of economic and statistical adviser to the Bank of England has accepted the post of executive assistant to William Woodin, the United States Secretary of the Treasury.

The Ministry of Industries is negotiating with powerful Chinese interests in Java, in conjunction with Chinese interests in Shanghai, for the establishment of an alcohol distillery in Shanghai with a capacity sufficient to supply home demands.

Professor Paul Pelliot, of the College de France, an eminent French sinologue, arrived in Marseilles May 26 on his return from China. M. Pelliot had visited China on an official mission to establish closer relations between French and Chinese scientists.

Leonard Wedderburn was sentenced to three months imprisonment in the British Supreme Court, in Shanghai May 3 for assaulting R. W. Davis, manager of the *North China Daily News* at his home in Avenue Foch early in the morning of April 22.

Dr. and Mrs. Esson M. Gale entertained a large group of men and women from Michigan at a buffet supper at 8 Route Ghisi May 24 in honor of Prof. and Mrs. Sullivan of St. John's University, formerly of Michigan, who are sailing for U.S.A. to join the University of Michigan again.

Dr. Wellington Koo, Chinese representative on the League Council at Geneva May 20, congratulated the representatives of Peru and Colombia on the successful issue of their negotiations. The two countries, Dr. Koo said, had given an example which should always and everywhere be followed.

A decision was reached last week among Chinese bankers in Shanghai, including the Central Bank, Bank of China and Bank of Communications, to extend credit to Chinese cotton mills to an amount of $20,000,000 by way of relief to the latter, who are all in pressing financial difficulties. The loan will bear an annual interest of six per cent.

Manuel L. Quezon, President of the Philippine Senate, who arrived in Washington recently with ten delegates to discuss the Hayes-Cutting independence bill for the Islands passed last January by Congress over the veto of President Hoover, recently sailed for Manila via Paris on a French steamer. The Filipino party received no encouragement in Washington and instead of remaining there, as contemplated, for several weeks, departed after a 48-hour visit.

A branch of the Central Bank of China is to be established at Chengchow in the near future.

J. V. Crowe, representative of the Ford Motor Car Company, departed this week on a business trip to Japan.

One hundred and fifty cases of silver bars, worth about $1,000,000 was sent to the United States on board the Dollar liner *President Wilson* last week.

The newly constructed Chinese gunboats *Funing* and *Suining*, recently completed at the Kiangnan Dockyard, were officially commissioned June 1.

Mr. and Mrs. Ben L. Baker, members of the American Baptist Mission stationed at Chaochowfu, Kwangtung province, are departing shortly for America on home leave.

The Ministry of Industry has appointed Chang Shih-pao director-general of the Kailan Mining Administration in succession to Chou Ta-wen, the mayor of Peiping, who held the post in a concurrent capacity during the last two years.

The censhorship which the Netherlands authorities are maintaining in the Netherlands East Indies, as a result of which *The Review* in common with other journals, suffers, will, according to a correspondent in Batavia, be made the subject of questions in the Volksraad by a member of the Social Democratic Party.

A conference of Japanese consular police-officers is scheduled to be held in the Japanese Consulate-General here early this month, according to the Chinese press. Representatives of the Japanese consular police at Hankow, Kiukiang, Wuhu, Nanking, Chinkiang, Shanghai, Tsingtao and Tsinan, will attend.

The British Empire Exhibition was opened in Hongkong, May 24 by Sir William Peel, K.C.M.G., Governor of Hongkong. The exhibits are stated to be thoroughly representative of British manufactures, including a very fine section allotted to the motor-car trade. This section alone covers an area of nearly 10,600 sq. feet.

The Chinese newspapers state that the contemplated organization of a Chinese inspection commission to Soviet Russia to investigate the industrial development there has been definitely abandoned. The National Government has also given up the intention of establishing a separate bureau to handle trade relations between China and Soviet Russia.

The Chicago Exposition, which cost $30,000,000, was opened on the evening of May 27. The most interesting exhibit is the Lama temple from China which was brought to the Fair by Vincent Bendix. This temple was built in Jehol and is an exact replica of the famous Golden Pavilion of Jehol City. Its 28,000 separate pieces were numbered in Chinese and assembled by Chinese artisans. The Jade Pagoda is also attracting much attention.

Dr. Hu Shih, the well-known Chinese scholar and philosopher, is expected to depart from Shanghai for the United States on June 18 to deliver a series of lectures in the University of Chicago, later proceeding to attend the fifth biennial conference of the Institute of Pacific Relations. During his absence Dr. Chiang Mon-lin, chancellor of the Peking National University, will act as dean of the college of arts of the university.

The Shanghai War Zone Fire Insurance Claimants' Association will hold a general meeting on June 4 in Chapei. It is learned that the executives have reached some sort of understanding with the Chinese Government regarding the securing of payments for damages sustained during the local Sino-Japanese trouble. These, they claim, should be borne by the foreign fire insurance companies in which they are policy holders.

Frank Murphy, recently appointed Governor General of the Philippines, is on board the Dollar liner *President Coolidge*, which will arrive in Shanghai June 9. Robert J. Grant, newly appointed supervisor of coinage of the new Shanghai dollars at the Chinese Government Central, Mint, is also on board the same ship, as is Judge G. E. Malcolm, justice of the Supreme Court in Manila, accompanied by his bride the former Miss Emme Gallow. Jabin Hsu, secretary to Dr. H. H. Kung of the Central Bank, will be host at a luncheon in Mr. Murphy's honor on May 9. Mr. Hsu and Mr. Murphy were classmates at the University of Michigan.

The world economic crisis is now beginning to strike Shanghai. Approximately 450 men and 270 foreign women of Western nationalities are in need of jobs, some of them having had no work for many months and are now in actual want, according to information supplied by the Employment Bureau in the Embankment Building, operated by the Salvation Army, and the Employment Service of the Shanghai Y.W.C.A. These figures include nationalities other than Russian. In the Russian community between 300 and 400 are without employment.

65-042

Reports were received at Hankow end of last week of floods at several points along the Siang River in Hunan. The Han River in Hupeh suddenly rose by more than six feet.

The Mexican Consulate in Shanghai has been removed from the Hamilton House to 20 Museum Road, Room 432, according to an announcement by Mauricio Fresco, the Consul for Mexico.

The Municipal Government of Greater Shanghai is drawing up plans for the reconstruction of Woosung, which was totally destroyed during the war in Shanghai last year.

The death occurred at the Soochow Hospital May 29 of Morris Estes, formerly of the staff of the Texas Company in Tientsin and Harbin. Mr. Estes was born in Huchow, Chekiang, in 1907.

The work of drafting the permanent constitution of the National Government done in Shanghai by Dr. John C. H. Wu, legal advisor to the Shanghai Municipal Council has been completed, according to recent message from Nanking.

The Ministry of Finance has approved a revision of the Yangtsze Navigation Regulations which provide that all ocean vessels desirous of operating on the Yangtsze River must apply to the Custom House at Shanghai (Woosung) for a river pass.

At the request of President Lin Sen and other high officials of National Government, Lin Hai-sou, Chinese artist laureate, will give an exposition of his choicest productions executed at different times of his career, at the newly-completed building of the Chung Hwa Book Company in Nanking. The exposition will last for ten days, beginning from June 1.

It is reported that Chou Lin, Vice-Minister of Finance, has contracted a loan of $5,000,000 with local bankers to meet urgent military expenditure of the Government. The money has been advanced by the Central Bank, the Bank of China and the Bank of Communications.

Dr. and Mrs. F. A. Cleveland were hosts at dinner at the French Club on Saturday evening, May 27 to some 50 Chinese and foreign guests, in honor of Dr. and Mrs. T. C. Chu. Dr. Cleveland is associate chief inspector of the Salt Gabelle, while Dr. Chu is chief inspector. The dinner was followed by dancing.

President Lin Sen, accompanied by Tai Chi-tao, President of the Examination Yuan, arrived at Loyang May 25 from Sian, provincial Capital of Shensi, where they inspected construction work for the auxiliary national capital and investigated famine conditions of Shensi province. They have in the meantime returned to Nanking.

Recent statements emanating from the Japanese Consulate General in Shanghai indicate that the Japanese population of Shanghai is again about the same as before the fighting of the early part of last year. Nearly 12,000 Japanese residents left at the beginning of last year and practically all of them returned here.

Mahatma Gandhi successfully finished his 21-day fast at Poona May 29. The fast was made in support of the "untouchables." One of the immediate results has been that at Nairobi, Africa, on the same date, large numbers of "untouchables" entered the Hindu temple there for the first time in the history of Africa.

Lawrence Saulsbury of the American Embassy at Tokyo has been transferred to Peiping where he will serve as Second Secretary at the American Legation. It also has been reported that C. E. Gauss, former Consul-General at Shanghai has been appointed Counsellor of the American Legation at Peiping. Mahlon F. Perkins, present Counsellor, has been transferred to the State Department at Washington,

The U. S. Congress May 29 passed a resolution to admit Po Sheng-yen of China to the United States Military Academy for the full course of four year. The telegrams from Washington indicated that this will probably be the last non-American to be admitted to West Point; it is not a matter of prejudice against foreigners but a question of denying the military and naval courses to men who might make excellent officers in the American army.

Chinese telegraphic advices from Sianfu confirm the fact that A. Eliassen, the Norwegian chief engineer of the Sian road project of the China International Famine Relief Commission and his assistant, Henry Chuan, have escaped from their bandit captors and are now safe. General Yang Hu-chen telegraphed to both Mr. Eliassen and Mr. Chuan, congratulating them on their return to safety and requesting them to remain in Shensi to continue their work for the improvement of the river system of the province.

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New Books of Interest in the Far East

World Economic Tendencies

Weltwirtschaftliches Archiv.—37. Band.—Heft 1.—January 1933 (Gustav Fischer, Jena).

The January number of this well known German Quarterly is well worth reading. The articles it contains are written by authors of different nationalities and varying viewpoints. Yet, taken as a whole, they give a very vivid idea of the present crisis in economic thought, especially of its political aspects. And if we compare this issue with previous ones, we become very much aware of the new conceptions and tendencies which are more and more determining attitudes of mind and practical politics.

The central idea is that of industrial decentralisation. We find it perhaps best expressed in an article (Die Zersplitterung und Wiederergaenzung der Weltwirtschaft) by the Roumanian professor and politician Mihail Manoilesco, President of the International Chamber of Commerce, who sees in the movement for industrial centralization the decisive factor in the new development of world economics. Professor Manoilesco shows that the World Economic Conference in Geneva, when it advocated a program of international cooperation and division of labor, has disregarded the fact that an increase in world production would not necessarily mean a rise in the standard of living for each separate nation. On the contrary, the great and natural differences of productive capacity between the various countries would lead to a growing differentatiation in revenues. And no state would agree to remain on a lower economic level and to sacrifice the well being of its nationals to the idea of international cooperation and to an increase of the total output of the world. Professor Manoilesco believes therefore that future economic policy will tend to decrease instead of increasing the interdependency of the various countries and the corresponding division of labor.

The same idea is voiced in the article of the Indian Professor V.G. Kale of Poona University (Britisch-Indien und die Weltwirtschaft), who considers it a great illusion to believe that any nation would be willing to stand back on any essential point in order to further the welfare of the world as a whole. While Dr. A. de Graaf of Rotterdam, in a highly technical article on the reconstruction of the international sugar market affirmed that the economic crisis we are going through is the transitional stage from world economics to national economics. Which means (according to Professor Herman Levy in an artcle "Die Europaeische Verflechtung des amerikanischen Aussenhandels") that we have entered a neo-mercantilistic period.

Now the loosening of international ties means necessarily a growth of national self-sufficiency. For this self-sufficiency a new word is used to-day, the word "autarchy." And while the majority of the articles under review have a retrospective attitude and deal with the history of recent changes and with the developments that have led to the present situation, those which refer to practical politics and to the actual future take the *problem of autarchy* as the main theme of their discussions.

And what does autarchy mean? Is it possible under modern conditions to return to a state of seclusion and mutual exclusion? None dare affirm it, at least as far as European countries are concerned. What is contended is that in their home production the various nations will tend towards a new state of equilibrium in order to satisfy as many needs as possible at home. This would mean, for instance, that Germany would increase her agrarian production at the expense of her industrial output, while in France this process would be reversed (cf Dr. Siegfried Tschiersky, Chronik der internationalen Kartelle und Trusts). It would mean, where larger political units such as the British Empire for instance, are concerned, a readjustment in the form of economic integration. The Ottawa Agreements point in this direction (cf Prof. J. Coatman, London, Die britische Reichswirtschaftskonferenz von Ottawa). In many cases, of course, autarchy in the strict sense of the word—the self-sufficiency of a single state or of a larger political unit—could never be achieved. But then autarchy may be conceived as self-sufficiency among neighboring countries; this would lead to regional agreements giving preferential treatment to countries bound to each other by the strongest of all ties—geographical proximity.

These new economic developments would also give a new direction to politics; they would mean a change in the structure and the role of the modern state. Private international understandings between private commercial or industrial organizations in different countries (international trusts), would be prohibited. All economic transactions transcending the limits of each national unit would be subject to state control (Manoilesco). This need not mean socialism in the traditional sense of the word. (cf Professor Adolf Weber, "Planwirtschaft"). It is pointed out that the problem of private ownership—so important in the past decades—has lost much of its urgency. What is clamored for to-day is a "planned economy," into which all individual activity must fit, independently of the fact irrelevant under this scheme—whether this activity is based on private or collective ownership.

One article only (cf Dr. Wilhelm Roepke, Die saekulare Bedeutung der Weltkrisis) points out the philosophical implications of these economic changes, i.e. the fact that liberalism in thought and attitude is rapidly becoming a thing of the past. Yet the words "fascism" or "national-socialism" do not occur in the January issue of the Weltwirtschaftliches Archiv.

This short review cannot do justice to the various problems dealt with in the Quarterly under consideration. The pressing monetary problems of the world, American and Australian conditions and the role of smaller countries like Hungary, Bulgaria, Yugo-Slavia, are examined in detail. The reader in the Far East will be struck by the fact that the Chinese and Japanese issues are but briefly touched upon in some of the book-reviews which it contains.

L.U.S.

The Watch on the Rhine

Franco-German Factors of Power: Comparative Studies of the Problem of Disarmament, by Major Hans Rhode; published by Berliner Borsen-Zeitung, Berlin.

Disarmament or Preparation for War, by K. L. von Oertzen, with foreword by Count Bernstoff; published by Wickes & Andrews, Ltd., London.

These two tomes, the latter being a 48-page pamphlet, were distributed locally "with the compliments of the German Consulate-General in Shanghai" before the recent ascent of the Nazis to power. They are devoted to proving by numerous graphs and statistics what is universally admitted outside of France,—that Germany is virtually disarmed in a world armed to the teeth, particularly the world of France and her allies, such as Poland, Czechoslovakia, and Belgium, which flank Germany on all sides.

The French, with the amusing logic for which they are frequently noted, have long sought to show that in "potentiel de guerre"—the sum total of factors, such as location, economic resources, and alliances, which influence the military power of a country,—Germany has an advantage despite France's superiority in "potentiel de paix," which is the curious phrase used to describe a country's army, navy, air force, trained reserves, war supplies, and fortifications.

Major Rhode, of course, has no difficulty in disposing of this thesis although he does fail to mention that Germany has, with full justification from a realistic viewpoint, done everything she can to defy the Treaty of Versailles, and in both "potentiel de guerre" and "potentiel de paix," she is today in a somewhat better position than the framers of that merciless pact ever intended. But France today dominates the European scene and is in the strongest military position, actually and potentially, of any country in the world with the possible exception of the United States. England's position, certainly, is not nearly so good unless she could find strong allies, and the Soviet Union will have to complete many more Five Years Plans before she can menace the French hegemony unless, of course, there is more revolutionary strength in the proletariat of western Europe than is apparent on the existing surface.

The major point of French policy ever since the world war has been to keep Germany down. Now that Hitler has triumphed, the question is raised whether there will be any change in the attitude of Paris. On the surface, the Nazis, being such ardent nationalists, should arouse more antagonism along the Seine than any previous post-war German regime, but in international politics as well as in many other matters, things are not always what they seem. The Nazis mean that Germany will not turn Red as long as they are in power, and the longer they are in power, the less is the prospect of Germany ever turning Red. And, prior to the Nazi

victory, a Red revolution was a never-to-be-ignored possibility along the Unter den Linden. And, also, France is one of the most anti-Red of nations, although not as humorless as some in her opposition to Moscow.

Now the French are a realistic people, perhaps the most realistic west of the barbed wire entanglements that separate Poland from the U.S.S.R., and their political philosophy, like their language, admirably expresses such things as "fait accompli," 'force majeure," etc. Wherefore, even as many communists maintain, a Franco-German rapprochement is an outstanding possibilty in the present situation. It must not be forgotten that there are many contradictions between Herr Hitler and the Quai d'Orsay, and it still remains to be seen if they can be resolved into a synthesis on the basis of an anti-Soviet alliance, but there can be no doubt such a course is not improbable.

If this comes to pass, "Franco-German factors of power" will have a much different meaning than in Major Rohde's title to his present book; if not, Europe will continue to be divided by Franco-German antagonism to the greater glory and profit of the red-turreted Kremlin.

W. B.

James A. Farrell Says World Trade Outlook Has Improved

James A. Farrell, Chairman, National Foreign Trade Council, speaking at the first general session of the Twentieth National Foreign Trade Convention in Pittsburgh, Penna., April 26, said that the convention opened in an atmosphere of more confident assurance regarding the future than at any period during the past three years. The United States, he said, is in a transition stage that promises substantial progress toward international understanding and settlement of major questions bearing upon the world economic situation. These satisfactory developments, Mr. Farrell said, were in large measure due to the public utterances of President Roosevelt, which have contributed so substantially to the changed attitude of mind regarding the advantages to be derived at this stage from a neighborly approach by all the nations to the study and solution of world problems.

The Council was in session for several days. Among the subjects discussed were: Ocean Shipping Problems, by Admiral H. I. Cone, Chairman, United States Shipping Board. Mr. Cone said the amount spent annually by the U. S. A. in subsidies—approximately $19,000,000 for the fiscal year 1932—should be looked upon as an insurance premium paid to protect the vast investment which the American people have already made in American shipping and for the promotion of foreign trade. An Effort to Overcome some of the Obstacles in Foreign Trade, by D. E. Delgado, manager, Foreign Sales Division, Eastman Kodak Company, Rochester, N. Y.; Effects of Propaganda, by James H. Furay, Vice President, *United Press* Association; Cooperation with Distributors, by Franklin Johnston, Publisher, *American Exporter*, New York; Today's Credit Problems, by W. T. Moran, Assistant Vice-President, National City Bank of New York; Gold—for Trade or Treasure?, by H. H. Heimann, Executive Manager, National Association of Credit Men; Government Credit Aid for Foreign Trade, by Reginald F. Chutter, export manager of Sharp and Dohme, Philadelphia; Treaty Negotiations in World Trade, by William R. Castle, Jr., former Under-Secretary of State, Washington, D. C.; The Relation to Sales Policy of Longer Term Credits, by John Abbink, Vice-President and General Manager, Business Publishers International Corporation, New York; Recent Trends in American Banking Facilities Abroad for American Foreign Trade, by Dr. Clyde William Phelps, Head of the Department of Economics and Commerce, University of Chattanooga, Sometime Economist with the United States Federal Trade Commission; Fitting Export into Domestic Policies, by E. C. Morse, President, Chrysler Export Corporation, Detroit; Why Is Not the Webb Law Used More Generally by Inland Manufacturers Engaged in Foreign Trade?, by E. V. Gent, Secretary, Zinc Export Association, Inc., New York; Australia's Revival and Trade Opportunities, by David M. Dow, Official Secretary for Australia in the United States; Import for American Manufacturers, by George F. Bauer, manager, Export Department, National Automobile Chamber of Commerce, Chairman, World Trade League of United States.

India and the World **is the name of a monthly journal published in Calcutta, of which Kalidas Nag is the editor. The May issue contains an article by Rabindranath Mazumder on the World Economic Conference.**

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Legal Aspects of the Deportation of Chinese from Mexico

BY T. S. YAO (姚竹修)

THE arbitrary measures taken by the local authorities of Sonora and Sinoloa to expel Chinese residents from Mexico is a matter of concern not only to China, but to the world at large. The hostile attitude which had been simmering for two or three years at the instigation of propagandists became exceedingly seething in August 1931. Attempts were made on the lives of the Chinese residents and their food supplies were cut off. This Anti-Chinese movement spread like a conflagration over the country, culminating at last in the establishment of the Mexican Anti-Chinese Committee in the two states, wherein most part of Chinese reside. This movement has been carried in under the leadership of Plutarce Elias Calles, ex-President of Mexico. It must be mentioned that Mr. Calles' son is the Governor of the state of Sinaloa who has taken an active interest in the movement.

In addition to an unbearable labor law, the Committee issued to the Chinese residents a warning, calling a halt of their business and ordering their departure from the country before the first of September, 1931. A large number of vehicles were amassed for the enforcement of the order of deportation. At the last minute an order from the Mexican President to postpone the deportation saved them from immediate explusion, nevertheless the continued agitation has achieved the desired end.

In view of the official standing of the leaders of the anti-Chinese movement, the inactivity of the government to suppress the illegal movement, and its continued silence over the acts of violence perpetrated by the Committee, it is quite obvious that this movement must have been launched with its consent. The President's order to postpone the deportation is tantamount to an official recognition of the legality of the order issued by the Committee, whereas it should have suppressed it and prevented it from being carried out. Its refusal to accept the good offices of the United States and the failure to carry out its promise given to the Chinese Minister after strong representations to protect Chinese life and property give further grounds to believe that these are acts of the government.

The Position of Aliens

Although it is an inalienable right of every nation, inherent in its sovereignty, to exclude or expel aliens whose presence is deemed undesirable or dangerous to the welfare of the state, yet it cannot be exercised arbitrarily against individual aliens, still less against the collective body of aliens of a same nation. The principle that an expulsion must be carried out in a manner least injurious to the person affected has been enunciated on many occasions by international tribunals or commissions. Thus, summary expulsion, by which individuals were compelled to abandon their property, to sell it at a sacrifice, or to be subject to unnecessary indignities, harshness or oppression, as in the cases of Gardiner and Jobson vs. Mexico in March 3, 1849 and others, have all been considered by international commissions as just ground for awards. The Chinese residents in Mexico have been forced to flee for life and allowed no opportunity to arrange the settlement of their business. They have suffered from moral and bodily injuries. Many were attacked and mercilessly murdered. Strong representations made by the Chinese Minister to the Mexican Government have brought no material relief. Those who remain in the country are still suffering from the inhuman treatment. All these bear out clearly the disregard by the government of the principle laid down by international organizations.

Chinese Engaged in Peaceful Trade

A general justification for the action may be summed up in a few words—"the public interests of the state." Such an extreme measure as expulsion can be used only when it is known that the presence of the alien is detrimental to the public interests of the state. If such a cause exists, it must be directed to the proper party with the aim to removing the undesirable elements. It cannot be gainsaid that the Chinese have for so many years engaged in peaceful trade and they have done nothing that may be claimed as the ground justifying their expulsion, still less any infraction of its public welfare. Furthermore, it may be mentioned that collective expulsion can only be resorted to in case of war, and even that has become an exceptional measure.

As the expulsion affects the citizens of another state, it has in practice become the rule that the government exercising the right must on demand furnish evidence that the action was based on the legitimate fear of the danger to its public ineress. What are the grounds on which the Chinese were arbitrarily expelled? It is claimed by the Committee that a great part of the Chinese residents entered the territory unlawfully. If this is the ground for their expulsion, it must be pointed out that in practice, a definite period of residence in the country acts as a bar to the exercise of the right, even if their entrance was in violation of the exclusion law or after arrival come within the categories of undesirability. The Mexican law of December 22, 1908 fixes a period of three years in this respect. By residence over the period required by the Mexican law, the Chinese residents have come well within the meaning of the principle and the law. Viewed from this angle it is rather clear that the expulsion is a violation of its own municipal law and the principle universally recognized. The promise given by the Mexican President to the Chinese Minister to cease further illegal deportation of Chinese subjects from the State of Sonora is a clear evidence to show that the Chinese residents have committed no acts of whatever nature that justify their deportation. They are mere victims of an unlawful movement.

Nanking, May 25, 1933.

Anti-Chinese Boycott in Mexico Continues

Recent advices from Mexico City state that the boycott against Chinese in Chinuahua State continues. Chinese farmers are still prevented from marketing their vegetables. It is reported that a Mexican girl, for attempting to enter a Chinese stop May 26, was badly beaten. The Mexican police refused to intervene.

More Chinese Arrive Back in China from Mexico

Another batch of about and 150 Chinese nationals recently deported from Mexico arrivied in Shanghai on board the Dollar liner *President Wilson* last week. After remaining in Shanghai for a few days they proceeded to their native province, Kwangtung.

Japanese Shipping Circles Closely Watch American Developments

Japanese newspapers report that a meeting of Japanese shipping magnates will be held shortly in order to consider ways to cope with the situation arising from the fact that the United States Government has given a huge sum of subsidies to American shipping to enable it to conduct a "dumping of shipping services." This, the Japanese say, has caused disorder in the world freight market and has also lowered the world commodity price levels. British shipping is unprecedentedly affected by idle ships, and it is felt that if other countries continue the subsidy policy, Britain will be obliged to apply retaliatory measures. British shipping circles are prepared to bring the matter to the World Economic Conference with the support of other economic institutes in order to check the rise of American shipping, whose merchant ships have increased to 600 of late. The Japanese shipowners are closely watching the situation.

Anglo-Japanese Indian Trade Discussions

A Tokyo telegram May 25 stated that Japan will only accept the British proposal for an Anglo-Japanese trade conference on the following conditions:—1. The agreement to be reached must be limited to cotton cloths only; the British Government shall assist in making the agreement effective; the British Government shall guarantee its commercial agreements with Japan and not raise its tariffs against Japanese goods.

Sir Samuel Hoare, Secretary of State for India, in a speech at the annual Bombay dinner in London May 27 said that British and Indian business men had much the same problems to face and that they would more readily find a solution if they worked together. He said he did not blame Japanese competitors for attempting to capture the Indian markets, but it was necessary to consider how best to deal with competition founded on very cheap labor, very efficient machinery and a highly depreciated exchange.

65-046

DISMISSAL OF PROFESSOR TAKIKAWA CAUSES "STORM" IN JAPAN

(*Continued from page 13*)

primary schools throughout Osaka Prefecture by the Prefectural authorities in a conference called at the Shimizutani girls' high school, Osaka, May 10. Of the 700 educators, 150 were secondary school principals.

Korean Guild's Steamer Service Excites Japanese Suspicions

On a charge of engaging in a secret movement for the independence of Korea forty Koreans of the Toa Tsuko Kumiae Chikko, Osaka, were rounded up by the police recently. Frequent distributions of handbills suggestive of discontent among Korean passengers on the guild's steamer *Fushikimaru* (1,300 tons), discovered by the police made them feel it necessary to conduct an examination. The Toa Tsuko Kumiae was originally formed by Osaka Koreans from Saishu island some 12 years ago to operate a service between Osaka and the island.

The *Japan Chronicle* of May 13 comments:—"There is something very unsatisfactory in the report from Osaka that leading members of a Korean Guild have been arrested for financing an independence movement. The only evidence appears to consist of their admitted distribution of pamphlets to Koreans travelling on the Guild's boat. Can the "independence" referred to have been merely a plea that Koreans should use a Korean steamer? One of the Japanese papers adds the suggestive information that the Guild has monopolised steamship services to a group of islands in the Inland Sea."

Telegraph Office Pries Into Business Secrets

All traders in Kobe, both foreign and Japanese were recently requested by the Director of the Kobe Central Telegraph Office, "to let us know the objects of, and the articles mentioned in, the telegrams which you dispatch or receive during the month from May 13 to June 13. We want to make this investigation into the utilisation of foreign telegrams in order to secure materials for reference in laying down business plans."

A long list of articles was indicated on which information is wanted. The evident object is to pry into the business secrets of foreign firms doing business in Japan.

Manchukuo Opens Passport Offices

The Manchukuo Government June 1 opened passport vise offices at Antung, Dairen, Newchwang, Pogranitchnaya, Manchuli and Shanhaikuan to facilitate the operation of the new passport law.

The Oriental Development Company has decided to invest between 30,000,000 and 40,000,000 yen in the projected Manchuria Farm Cultivation Company.

"Ham-Packing Plant" Hides Imitation Opium Centre

What was believed to be a ham-packing plant in Dairen turned out to be the headquarters of a gang manufacturing imitation opium, a recent telegram from Dairen revealed. The discovery was made following a fire. Enquiries revealed that the gang had sold about $60,000 worth of imitation opium since last November.

Three Koreans who laid a plot against the life of Marshal Muto, Commander of the Kwantung Army early this year were sentenced at Changchun last week to 10 years' imprisonment each by the Special Court Martial of the Kwantung Army.

Taking advantage of the reduction of the police force due to the celebration of the Dragon-Boat Festival some 200 prisoners serving in the No. 2 State penitentiary in Changchun staged a riot, and attacking prison guards on duty, made a sensational escape from their quarters at seven o'clock in the afternoon.

It was officially announced in Harbin, May 30 that several Soviet gunboats continue to cruise about in the Sungari Delta region and in the vicinity of Tungkiang and that others are still firing upon, searching and detaining Manchukuo shipping on the Amur River.

Real Estate Review of the Eastern District, by Realty Investment Company

A sale of approximately 10 mow of vacant land on Pingliang and Poyang Roads has been effected at Tls. 11,000.- a mow, which shows that land in this area is maintaining a steady level.

The Council is continuing its policy of road widening and to this end have purchased Mow 0.6.7.5. from the China Realty Co. Federal Inc. U.S.A. on Ward Road for the sum of Taels 8,545.

Excavation work is proceeding on the proposed traffic canal and the portion between Tinghai and Liping Roads is being cleared.

Work on the big public wharf is going on apace; the bunding and steps are completed, filling in is finished and the two new roads Chemulpo and Antung Roads will be completed in a few days.

Rentals in the Eastern Area are better and daily more and more houses are being occupied.

CUSTOMS NOTIFICATION NO 1303

The public is hereby notified that, in accordance with Government instructions, it will in future be necessary for all eggs and egg products exported to Spain to be covered by a Certificate of Origin issued by the Bureau of Inspection and Testing of Commercial Commodities.

H. O. Tong,
Superintendent of Customs.

A. C. E. Braud,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 27th May, 1933.

In the United States Court for China

YADVEGA E. LAWSON, born PLASKAY Plaintiff,
vs.
JOHN H. LAWSON
Defendant.

Cause No. 3540
Civil No. 1603
ORDER
Filed at Shanghai, China
May 13, 1933.
L. T. Kenake,
Asst. Clerk

The object of this suit is an action for Divorce

WHEREAS, plaintiff herein, by her attorneys, has this 12th day of May, 1933, made application for the substitution of publication for personal service upon the defendant herein; and

WHEREAS, it appears from the files in this case that on the 12th day of May, 1933, the summons for defendant was returned by the United States Marshal for China with the following noted thereon: "Defendant cannot be found within the jurisdiction of this Court"; and

WHEREAS, it appears from the files in this case that on the 12th day of May, 1933, the plaintiff herein filed an affidavit to the effect that the defendant does not now reside in China nor has he resided therein since two years past, and that defendant's last known address was c/o Navy Department, Bureau of Navigation, Washington, D. C.

NOW, THEREFORE, it is this 13th day of May, 1933, ORDERED that service upon the defendant be made by publication once a week for three consecutive weeks in the "CHINA WEEKLY REVIEW" Shanghai, China, a paper of general circulation most likely to reach the defendant.

IT IS FURTHER ORDERED that the defendant cause his appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays, occuring after the 3rd day of June, 1933, the day of last publication of this Order; otherwise the case will be proceeded with as in case of default.

BY THE COURT:
Dated at Shanghai, China,
this 13th day of May, 1933.

MILTON D. PURDY,
Judge.

"Red Spears" Drive Off Bandits in Anhwei

The Red Spears Corps, which has proved to be the terror of the bandits, is extremely active in northern Anhwei, a recent Pengpu message stated. The organization of the "Red Spears" is very strong and the districts in Northern Anhwei are protected against bandits by them rather than by the troops. All bandits are afraid of them and once they see the sign of the Red Spears, they retreat. The Red Spears are a militia and a religious body combined.

A Government victory over the Communists in Honan is claimed in telegrams from Kaifeng May 26. It is declared that the Communists at Shangchen, in south-western Honan, have been completely wiped out by the 80th Government Division in Honan.

A sum of $70,000 has been allotted for relief work among the people of eastern, western and northern Hupeh who have suffered from the Red banditry, a recent message from Hankow stated. This fund was appropriated by the Provincial Relief Committee.

The scattered "Reds" near Yungfeng and Sinkan, central Kiangsi, are retreating to Kuchu, a recent Nanchang message stated. Communications between the two cities have been resumed. It is stated that the 46th Division under Lieut.-General Tai Yo has routed the remnant outlaws at Takangchiao, Shatui and Chuwei, near Sinkan and Lo-an in central Kiangsi.

Communists in western Fukien were dispersed end of last week in the course of the joint suppression campaign launched by the first (Cantonese) independent division and the 19th route army who directed the drive from Shang Hang and Wu Ping counties.

It is announced from Canton that General Chen Chi-tang, Commander of the Kwangtung Provincial Forces, is assume the post as Commander-in-Chief of the Southern Route Bandit-suppression Forces for the provinces of Kiangsi, Kwangtung, Fukien, Hunan and Hupeh as from June 1. General Chang Kuo-yuan will be his Chief-of-Staff. The provisional headquarters will be established at Tayu.

Three regiments of the 4th Independent Kwangtung Division, comprising part of the South-western Anti-Japanese Army, left for Lokchong from Shiuchow, northern Kwangtung May 30. From Lokchong, they will march across the Hunan border to Chenchow where they are to join their comrades, the two brigades of the 19th Route Army.

General Pai Tsung-hsi of the fourth group army has again telegraphed to the Nanking Government stating his inability to accept the post of second in command of the southern route anti-Communist expedition, on account of alleged ill-health.

Communists Are Active in Southern Hupeh

Communists in southern Hupeh have resumed their activities and are reported to be menacing Yangloutung, Tungchen and Aochen. Their strength is estimated at twenty thousand men. They are commanded by Hsu Hsiang-chien, an army commander of the Communist forces. The Communists operating are the 7th Red Division, the 16th and 17th armies and the 1st independent division. Their object is to restore the Red district in Hupeh, which was recaptured last year by the Government forces.

Szechuen Civil War Increases in Intensity

The tactics adopted by General Liu Wen-huei, the Szechuen warlord in breaking the dykes along the Neikiang in order to inundate the cities along that river have achieved the desired result, a recent Hankow message stated. Fourteen cities on both banks are now several feet under water. The harvest locally has been completely destroyed. It is believed the inundation will be followed by another famine in the affected district this winter.

Pursuant to special instructions from President Wang Ching-wei and General Chiang Kai-shek, General Liu Hsiang, Rehabilitation Commissioner for Szechuan, recently addressed identical telegrams to Generals Liu Wen-hui and Teng Hsi-hou calling upon them to cease military operations immediately and to await a settlement by the Central Government. General Liu Hsiang threatens to intervene forcibly, should either of the antagonists refuse to listen to his "sincere advice." General Liu threatens also that in case his last warning is ignored, he will be compelled to take such action as he deems necessary to "protect the people of Szechuen."

General Teng Hsi-hou issued a circular telegram May 23 announcing that he had been attacked by General Liu Wen-huei and that he had been compelled to abandon Chungning on May 21 as a result of the military pressure brought to bear upon his forces by General Liu. It is said that in the fighting at Chungning, the number of casualties on both sides amounted to more than two thousand men. General Teng reported that fighting was still in progress as General Liu's forces were making a determined attempt to force a crossing of the river.

At last reports desperate fighting still continued between the rival warlords, General Liu Wen-huei and General Teng Hsi-hou.

The South-west authorities last week despatched telegrams to Chengtu and Chungking requesting the Szechuen generals, in the words of a semi-official announcement, "to relax their throat-grabbing clinches with one another, as this is no time to start another merry game of civil war."

Peace Being Restored in Sinkiang

Liu Wen-lung and Sheng Shih-tsai have been elected provisional chairman and tupan of the Sinkiang provincial government respectively to take charge of the situation. Following the flight of General Chin Shu-jen, the chairman of Sinkiang from Tihwa, the representatives of various circles met and decided to organize a peace preservation committee to take charge of the situation. The committee elected Liu Wen-lung and Sheng Shih-tsai to assure temporary control of the government.

Recent messages from Sinkiang stated that peace and order in the provincial capital are being gradually restored and that the various Mohammedan tribes which had risen against General Chin, have pledged their support to the new regime.

Tibetans Hope to Establish Empire with Japanese Help

According to the recent advices from Sikang, Japanese influence has got into the ranks of the Tibetan army on the Tibet-Sikang border. The Tibetans, under the instigation of the Japanese, are more active, aiming at the conquest of Sikang in the hope of establishing a Tibetan empire with Japanese help. It is understood that, before attacking Sikang, the Tibetans are preparing to attack Chinhai. When the conquest of Chinhai is completed, a drive will be made against Sikang. The military commander at Chinhai, General Ma Pu-fang, is holding his troops in readiness on the Tibetan-Chinhai frontier to meet the invading Tibetans.

General Liu Chen-nien May Be Released

A recent telegram from Nanchang indicated that General Liu Chen-nien may be released shortly. General Liu was arrested in Hangchow about 10 days ago at the instance of General Chiang Kai-shek, while on a visit in Hangchow.

Shanghai Safety Bureau Denies "Kidnapping" Story

The recent report published in foreign papers concerning the alleged "kidnapping" in Settlement territory of two proletarian writers, Ting Ling and Pan Tzu-nien, by "officers or hirelings of the Greater Shanghai Bureau of Public Safety" was categorically denied by a spokesman of the Bureau May 28. It is admitted that Pan Tzu-nien was arrested by the Bureau, but it is emphasized that the arrest, which was made at 11 a.m. May 14, was effected within Chinese territory, at a place north of the San Pan Chang Hsin Chiao (bridge) in Chapei. The said Pen Tzu-nien is described as a member of the Executive Committee of the Kiangsu Provincial Branch of the Communist Party and is concurrently editor of the Communist organ *Chen Huo Pao*. There was sufficient evidence, (so the spokesman said) to warrant the arrest. The spokesman further pointed out that immediately after the arrest, the Bureau handed over the accused to the competent organ having jurisdiction for examination and trial according to law. There is no truth in the report that he has already been executed, the spokesman declared. As for Ting Ling, the girl-writer, the spokesman denies that she has been arrested by the Bureau.

$20,000,000 For Relief in Kiangsi

The Chinese papers in both Tientsin and Peiping May 26 featured a Chinese news agency report from Nanchang, quoting a Chinese Christian worker there as saying that an American philanthropist in New York, described in the news despatch as the "king of philanthropists and president of the World Christian Federation" had given $20,000,000 for the relief of the people in the war-stricken area in Kiangsi. The despatch added that this relief worker was greatly impressed by T. V. Soong's recent speech in New York in which he described the sufferings of the Chinese people as the result of Communist disturbances and foreign aggression.

S. M. R. Line Makes Huge Profit at Expense of C. E. R.

A recent Tokyo message stated that the South Manchuria Railway Company has realized a net profit of approximately 60,000,000 yen during the past fiscal year. This is said to be the largest profit ever realized by the company in its history. It is generally predicted that the rate of dividend of the company's shares will be fixed at 8 per cent.

The S.M.R's prosperity is largely due to the squelching of Chinese government railways and diverting business from North Manchuria, which ordinarily would go to Vladivostock, to Dairen. Vladivostock was described in a recent Harbin message as a "sleepy port" since the beginning of May, as not a single carload of freight had reached that centre *via* the Chinese Eastern Railway. On the other hand, freight traffic to Dairen by the South Manchuria Railway line showed a steady increase which, it is predicted will continue as long as the dispute over the Chinese Eastern Railway remains unsettled.

Railway lines believed to form the economic artery of Manchuria are being repaired immediately by the South Manchurian Railway Company in behalf of the Government of Manchukuo, These lines include the Ssupingkai-Taonan, Taonan-Angangchi, Tsitsihar-Koshan and the Hulan-Hailun railways.

Bids has been awarded for the reconstruction of a bridge spanning the Hulan River on the Hulan-Hailun line and for the third bridge over the Nen River on the Taonan-Angangchi line. The Nen bridge is estimated to cost 1,300,000 yen and to be completed by September 1934; the Hulan bridge, is to cost 600,000 yen, to be completed by the end of this yar.

The newly-completed Tunhua-Tumen railway will be opened to traffic on June 8.

A sum of $10,000,000 is to be spent by the Government of Manchukuo during the fiscal year beginning July 1 for assisting industry and other projects, according to an official announcement issued at Changchun May 28.

The Japanese have begun to repair the railway bridge over the Luan Ho (river), which was destroyed by the Chinese when they retreated from east of the Luan recently. As all workers on the Peking-Mukden railway had fled and all materials taken away, the Mukden-Shanhaikuan Railway Bureau of Manchukuo has been assigned to take over the task.

It was announced in Changchun May 28, that the Chinese Eastern Railway special administration district is on July 1 to be renamed the North Manchuria special administration district.

Manchukuo Decides to Buy C.E.R.

It was announced in Changchun May 26 that the Manchukuo Government has decided to purchase the Soviet's interests in the Chinese Eastern Railway "through the good offices of Japan."

Manchukuo's decision is in accordance with the recommendation by the Japanese Government on May 23. The new State has notified the Japanese Government of its decision, and as a consequence the Japanese Ambassador at Moscow has been instructed orally to inform the Soviet Foreign Commissar, M. Litvinoff, of the latest development. M. Litvinoff will be invited to appoint a delegate to discuss with Japanese and Manchukuo representatives the price to be paid for the railway and the manner of making the payments.

Japan's reply to the Soviet Note of April 18 regarding the Chinese Eastern Railway dispute handed to the Soviet government May 27. It emphasizes that the dispute which, it says, arises from the joint management of the railway by Russia and Manchukuo, should be settled by direct negotiations between the two countries. Japan has paid, it says, deep attention to the development of the railway dispute and hopes that a fair and equitable solution may be found at the earliest possible moment. After re-affirming that Japan has been and is refraining from any move calculated to injure the Soviet's interests in the railway, the reply reminds the Soviet that there are Japanese in the Manchukuo government service for whose activities Japan is not in a position to assume responsibility.

Formal negotiations are expected to start in June or July, when Mr. Ohashi, the Manchukuo Vice-Minister for Foreign Affairs, returns to Changchun from Tokyo and goes back to the Japanese capital with full instructions from the Manchukuo Government.

The Most Complete Collection of Documents Bearing on the Sino-Japanese Situation

ONE YEAR OF THE

JAPAN-CHINA

UNDECLARED WAR

By EDWARD BING-SHUEY LEE

Gives a Complete account of the train of events before and after September 18, 1931;

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Shanghai, May 31, 1933.

Demand selling rate on America:	U.S. $100=Sh. $399.00
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65-049

Japanese Insist on Limiting Soviet Powers

Mr. Mori, a representative of the Ministry of Communications, arrived in Harbin May 27, and made a demand for a limitation of the administrative powers of the Soviet officials in the Chinese Eastern Railway. Manchukuo is presenting a demand for the limitation of the power of M. Rudy, Soviet manager of the Railway.

Soviet messages from Moscow stated that the situation on the eastern line of the Chinese Eastern Railway, which has long been one of chaotic disorder, has been growing steadily worse. The robberies of bandit gangs, who are frequently joined by troops of the Manchurian railway guards, are of almost daily occurrence. Owing to the complete absence of any protection the inhabitants at station Udsimi and many others have fled in panic, fearing the violence of the robbers.

A conference was held recently at the Japanese embassy in Changchun, capital of Manchukuo, at which it was decided to suspend traffic between the C.E.R. and the Ussuri Railway at the end of May. It is believed by the Soviets that the motives animating this projected step are, on the one hand, a desire to interrupt rail communication with Vladivostok and divert all freight traffic from the C. E.R. to Dairen, and on the other to disorganize the C.E.R. so as to strengthen the Japanese positions pending negotiations for the purchase of the railway.

Soviet Planes Fly Near Border

Three Soviet scout planes made a demonstration flight May 26 just within the Soviet boundary, in the vicinity of Manchuli. A part of the garrison at Daurai, comprising 5,000 men of all arms, and many tanks are holding maneuvers six miles to the west of Manchuli, a recent *Reuter* report stated.

The *Harbin Times*, commenting on the recent fusillades on Manchukuo shipping by Soviet troops, states that the incident was most aggravating in view of the fact that the troops were firing from Manchukuo territory.

Sarcastic Cantonese Comment on Russia's Desire to Sell

Russia is trying to sell her interest in the Chinese Eastern Railway to Japan as a means to humor the latter, because the Kremlin which is bent on completing its second five-year plan does not desire to have warfare with any other country during this period, Kan Chieh-hou, inspector of foreign affairs, stated in Cantonese newspapers May 20.

"Soviet Russia, too close to the bogus Manchukuo, is provoked by the Japanese owing to the Chinese Eastern Railway dispute," Mr. Kan continued. "In disposing of the railroad, Soviet Russia hopes to avert war with Japan at the moment.

"What Moscow wants is to wait for world unrest and commotion, so that this may give Russia a chance to propagate further its Communist activities."

Mr. Kan said that Russia in offering the sale of the railroad to Japan is not justified by reasons or law and has violated the Sino-Soviet agreement concerning the same railway. However, Japan may not accept the Russian offer if the attitude of the other powers is against the sale, he added.

Proposed Chino-Soviet Non-Aggression Pact

A message from Moscow May 24 stated that the foreign commissariat has received through the Soviet ambassador to China, Dmitri Bogomolov, a proposal by the Nanking Government to open negotiations for the conclusion of a pact of non-aggression between China and the U.S.S.R. A draft of the proposed pact has been submitted by the Nanking Government. In addition to the conventional non-aggression pact provisions, it embodies an article relating to the current situation in the Far East requiring refusal of recognition, de jure or de facto, of any situation created by the aggressive acts of a third power.

Kailan Now Feels Japanese Pressure

The same sort of pressure that has during the past year or so been put upon the Chinese Eastern railway by the Japanese military authorities so as to make it an economic failure, except by the grace of the Japanese, has now begun to be put on the Kaiping mines, which are under British control.

A recent message from Mukden stated that the railway service between Shanhaikuan and Chinwangtao had resumed May 24 under the protection of Japanese troops. Shipment of coal from the Kailan Mining Administration was said to be an immediate necessity. For the moment there is no shortage of Kailan coal in Shanghai, several ships carrying coal from Chinwangtao having arrived here during the past few days.

Latest New York Stock Exchange Quotations

Market—Strong — Business Done 4,311,000 Shares

May 28, 1933

1932-3 High	1932-3 Low	Div.$ per Sh.	STOCKS	Fir. May 26	Sat. May 27
9½	1⅝	—	Adams Express	9	9⅜
107½	42½	*6.00	Allied Chemical & Dye	104¼	106¼
15¾	4	—	Allis Chalmers	15¾	16½
88	29⅝	4.00	American Can	88	91¼
15	2	—	American & Foreign Power	10⅞	11⅝
38½	5	—	American & Foreign Power 7% Pfd.	Unq.	22¾
10	1⅛	—	American & Foreign Power Warr.	7¼	8
17⅞	1½	—	American Metal Co.	17⅞	20½
31½	5⅛	—	American Smelting	31½	34
137¾	70¼	9.00	American Telephone & Telegraph	113¾	119¼
89¾	44	5.00	American Tobacco "B"	86	89
34½	11	1.00	American Waterworks	26⅛	26⅛
19⅜	3	—	Anaconda Copper	13⅜	14⅜
18⅝	4¼	—	Atlas Corporation	13⅝	14¾
151¾	28¾	2.00	Auburn Automobiles	53½	54½
21⅜	3¾	—	Baltimore & Ohio	17½	18
29⅝	7¼	—	Bethlehem Steel	27¾	28¼
43¼	18	1.60	Borden Company	34½	35
14¼	3⅜	—	Borg Warner	14⅛	15¼
20⅝	7¾	—	Canadian Pacific Railway	13¼	14
70⅜	16¾	—	Case, J. I.	70⅝	73½
47⅞	19	2.00	Chase National Bank	25¾	26⅛
30	4⅞	2.00	Chesapeake Corp.	30	30¼
22¾	5	—	Chrysler	22¾	24
21	4¼	.80	Columbia Gas & Electric	17⅝	17⅞
5⅛	1⅜	—	Commonwealth & Southern	3	3
68¾	31½	4.00	Consolidated Gas of N. Y.	54½	55
12⅞	8⅝	—	Continental Oil	12½	13¼
74	24¾	3.00	Corn Products	74	75½
7⅜	1¼	—	Coty Inc.	5	5⅛
8¼	⅞	—	Curtiss Wright Company	2¾	2¾
18⅝	5	.75	Douglas Aircraft	14⅞	15¼
57	23	3.00	Drug Incorporated	51¼	54½
71⅜	22	2.00	Du Pont de Nemours	71⅜	78¾
87⅞	35¼	3.00	Eastman Kodak	75½	80
48	5	6%S	Electric Bond & Share	23⅞	24¼
16	2¾	—	Electric Power & Light	8	8¼
5⅞	⅞	—	Fox Film "A"	8	8½
26⅛	8½	.40	General Electric	21⅛	21½
40½	19⅝	1.60	General Foods	33¼	33¾
25	7⅝	1.00	General Motors	25	25¾
34½	6⅛	1.00	General Railway Signal	34½	35⅛
21⅝	8¼	1.20	Gold Dust	21⅝	21⅝
38¼	5½	—	Goodyear Tire & Rubber	32⅞	34½
26	3⅝	—	International Cement	26	26
1⅞	¼	—	International Com. Engine	Unq.	Unq.
86⅝	10⅝	.60	International Harvester	36⅝	39¼
14⅝	3½	—	International Nickel	14½	15
16¾	2⅝	—	International Telephone & Telegraph	12⅝	13⅜
35	10	—	Johns Manville	35	39
19¼	4⅞	—	Kennecott	17⅝	19½
62½	30½	2.40	Lehman Corporation	62½	63
87¾	34⅛	*4.00	Liggett & Myers, "B"	87¾	92
37¾	9	1.00	Loew's: Inc.	17⅞	18⅜
23⅜	9	1.20	Lorillard P. Co. (Com.)	20	20⅜
24	3½	—	Montgomery Ward	22½	23⅞
64½	19¾	1.00	National City Bank (bid price)	31¾	31½
36⅝	8¾	—	New York Central	30⅝	32⅝
43¼	13¾	8%S	North American Company	26½	26½
37	16⅞	2.00	Pacific Gas & Electric	24	25
5¼	1¼	—	Packard Motors	4½	4⅝
28⅜	6½	.50	Pennsylvania Railroad	53¾	26⅛
4⅜	1	—	Pennroad Corporation	2¾	3
12⅞	2	—	Phillips Petroleum	12¼	13
60	28	3.20	Public Service of N. Jersey	49¼	49¾
13½	2½	—	Radio Corporation	7⅜	7⅝
7¾	1	—	Radio-Keith Orpheum	2⅝	2¾
41½	26½	3.00	Reynolds Tobacco "B"	41½	42½
37¾	9⅞	—	Sears Roebuck	28½	29½
8¾	2½	—	Shell Union	6¾	7¼
13⅝	2¾	—	Simmons Company	11⅝	12⅜
12¼	5¼	.40	Socony-Vacuum Corp.	9⅞	10¼
32¾	15¾	2.00	Southern California Edison	21½	21¼
34¼	5¼	—	Standard Gas & Electric	12	11⅞
37¾	19¾	1.00	Standard Oil Co., of N. Jersey	34¾	35¾
18⅞	9¼	1.00	Texas Corporation	18⅞	19½
28¼	12	1.00	Texas Gulf Sulphur	27½	28¾
7½	2½	—	Trans America	6	6¼
38¾	15½	1.20	Union Carbide & Carbon	38¾	40
101½	27⅝	6.00	Union Pacific	101½	112
34⅜	6½	—	United Aircraft & Trans.	29¼	31⅛
14	3½	.40	United Corporation	8¾	8⅞
22	9¼	1.20	United Gas Improvement	19¼	19½
10¼	1¼	—	U. S. Rubber	9½	9⅞
52⅝	21¼	—	U. S. Steel	51½	53
38½	11	2.00	Universal Leaf Tobacco	38½	40
28¾	5¼	—	Vanadium	20⅝	21½
4½	½	—	Warner Bros. Pictures	3	3
43½	15⅝	—	Westinghouse E. & M.	41¼	42¼
45⅝	22	2.40	Woolworth	39	40

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